The interest rate on posting loans is published in the monthly *Schedules to Foreign Service Directives and Meal Rates,* the rate for each new quarter generally being announced in the Schedules of the last month of the previous quarter.

The interest rate on a loan remains fixed for the duration of the repayment period unless the loan is renegotiated. The interest rate then in effect is applied to the total amount, for example, the additional amount being borrowed plus the outstanding balance of the original amount. You may have the option, once during the repayment period (except during the last 12 months), of having the outstanding balance of your posting loan recalculated to take advantage of a lower interest rate.

Another feature is that interest is not charged until the first day of the month in which recovery begins. To get the most from this benefit, try to arrange for your loan to be issued as early in the month as possible.

Did you know that... Where a posting loan has been renegotiated to increase the principal or to lower the interest, the new interest rate is applied from the first day of the month following the renegotiation.

Repayment

Your posting loan is recovered through automatic deductions from your pay cheque, starting with the first day of the fourth month following the month your loan was granted or the first day of the month following your arrival at post as indicated on your Posting Confirmation Form, whichever is earlier. You are, of course, free to repay the principal amount in full, without interest, before recovery commences. You may also repay the outstanding balance in full at any time during the repayment period. You have another option, once during the repayment period, of making a partial lump-sum payment of not less than $500 and having your monthly payments thereby reduced or the repayment period shortened, but the rate of interest would remain unchanged.

The maximum repayment period is up to 48 months. There are provisions for extending the repayment period should your posting be terminated unexpectedly by your employer and the repayment of the loan would cause financial hardship.

The following sample shows the monthly amount repayable for a typical loan (see Figure 3).

How and When You May Apply For Your Loan

Applications for posting loans are submitted to SERV and renegotiation of principal and/or interest are submitted to SBM (Geographic Service Section). Application for Loan (FSD 10) TBS 330-30 forms are available from administration at your Mission or from SERV.

SERV can approve the loan application upon receipt of final Posting Confirmation, and the loan cannot be granted more than 90 days before your official departure, as indicated on your Posting Confirmation.

You may also apply after your arrival at the mission, but acceptable reasons must be specified if a loan is requested after more than 12 months at the mission. Only in exceptional circumstances will a loan be granted or the principal renegotiated (increased) during the last 12 months of a posting. On one occasion only, the rate of interest on the outstanding balance of a posting loan may be renegotiated at any time following the approval of the loan, except during the last 12 months of the repayment period since any savings would be minor and there is a considerable amount of paperwork involved.

Should I Borrow? If So, How Much?