



NEWS RELEASE

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CLARITY NEEDED FROM GOVERNMENT ON CROFT HOUSE LOAN INTEREST

The Scottish Crofting Federation (SCF) has called on the Scottish Government to explain in full to crofters the implications of changing from fixed to variable interest rates on their croft house loans. SCF director Donald MacDonald said, "We don't want to appear to be looking a gift horse in the mouth, and the cut in interest rates is of course welcome, but interest rates can go up as well as down. Many of us can remember interest rates as high as 15% and in these uncertain economic times it is not unthinkable that lenders will start to recoup losses by increasing interest on loans. We really need to know how much above base rate borrowers will be charged, and how often the Scottish Government will review the interest rate. As things stand, crofters do not have enough information to make a decision to move away from the fixed rate."

Mr. MacDonald reiterated the call for the crofter housing loan to be reintroduced. "Both the Scottish Parliament Rural Housing Inquiry, chaired by Rosanna Cunningham, and the Shucksmith Report called for the reintroduction of the loan and increase of the grant to take account of inflation. The Crofter Building Grants and Loans Scheme was simply the best value for money in rural housing provision. Successive governments have allowed crofter housing support to wither away to the extent that it now largely misses its target – working crofters and new entrants on low incomes. The loan was affordable and, at a fixed rate, could be budgeted for. Instances of default are negligible. We urge the Government to look again at this during the passage of the Crofting Reform Bill."

End.

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- Pictures can be found at: <http://www.crofting.org>