

FREQUENTLY ASKED QUESTIONS

- How many enterprises did you finance ? To see the list of loans made from 1987 to date you can consult the [list of funding .pdf](#), or the [list of funding in a table format](#).
- Can Mag4 also finance subject such as, individual sole proprietorships, or other legal forms who nevertheless play activities that do not harm the man and his environment besides the cooperatives ? No Mag4 cannot fund these subjects, but other structures of ethical finance in Italy may. You can ask for more information at: [MAG2](#), [MAG6](#), [Banca Etica](#). MAG4 can provide funding to cooperatives, associations and mutual aid society only.
- Does Mag4, only finances social projects, or also “normal” cooperatives such as work and production ones? The product (or service) can be “neutral”, i.e. doesn't need to have ethical characteristics (for example: a coop. producing bolt, or a cleaning service, provided they do not harm people and environment in which they live), but the way of production is strictly defined: collective form and absence of profit-making, this is mandatory.
- Is the loan rate fixed or variable? It's variable in relation to the performance of the inflation rate. It increases or decreases in function of significant changes (in the order of at least half a percentage point) of inflation rate (price index for inflation adjustments) with only one change in the amount of the final installment and possibly deletion or addition installments in the repayment plan.
- How are your rates compared with those of the normal banking market? They may seem higher because in our case the rate is equivalent to the APR(Annual Percentage Rate of charge - TAEG). If you want to compare the APR (Annual Percentage Rate of charge - TAEG) , you can obtain by asking to the bank, they are mandated to declare it.
- What does guarantor mean ? The guarantors are people who act as guarantors of loan. Mag4 considered it necessary these individuals to be actively employed in the project e in the management. Guarantors do not sign in because of friendship or kinship, but they actively participate in the design and management of the activities that allow the repayment of the loan. The surety's request isn't just because of economic reason (to limit risk), but it has a symbolic value: if other people trust the project to the point of risking their economic resources, the loan is safer.
- What does partial surety mean? It means that each surety covers only part of the funding required, a defined amount (the amount for which you signed) not exceeding € 15,000, plus accrued interest.
- What does it mean guaranty not jointly and severally? It means that you are not responsible for others guarantors if they don't pay. The guarantor is only responsible for the amount s/he agreed and interest thereon, and s/he shall not be liable for the other guarantors.
- Is an Asset investigation carried out on the guarantors ? No: no verification is required on the economic situation (income, home ownership, etc.) on the individual guarantor, because the surety is not a guaranty on patrimonial assets, but is a personal guaranty.
- Do the sureties have a time limit ? No, the sureties remains in effect until full settlement of the debt from the principal debtor.

- What if the borrower does not pay ? After the business that received the loan warns us of its difficulty, we evaluate together whether it is possible to redesign the repayment plan in a form better suited to the business's needs. It is important that the funded business discloses the problems to Mag4 timely and honestly. In the event the problem persists, we will send a letter to guarantors to make them aware of the problems so that they can actually support the business in difficult times. Only when we have tried all the possible ways but the failure is evident, the business's guarantors will be notified with a letter (registered mail) on the need of their payment as guarantors. It is very important for Mag4 to be able to meet all guarantors, to process, together, agreements that take into account their needs, while making it possible to return the borrowed money in a timely manner. If we are in the difficult situation where the guarantors don't want pay, thus dissolving the trust relationship, we will see from time to time as we can assert our credit rights. The objective in these cases is to recover the money that the financing partners gave to Mag4.

For example:

Cooperative "xxx" loan disbursed: € 100.000

Sureties signed for 150%: 10 starting at € 15.000 = € 150.000

Residual debt at the failure date: € 50.000

If all 10 of guarantors will agree to pay immediately the debt, they can share equally and pay € 5.000 each. In the case where the guarantors not found an agreement, MAG can request each of the guarantors to repay the complete signed guaranty (and related interests) until the complete debt repayment. In other words MAG may require up to € 15.000 each, plus interest and associated legal cost.

- Are there other kind of warranty besides the sureties? Yes, the pledge on receivables.
- What's the pledge on receivables ? The pledge on receivables is a form of guaranty that allows to bind long term receivables, which the associations, cooperatives and mutual aid societies have towards their costumers, public or private. It involves a minimum expenditure for enterprise financed (notification of the pledge to the debtor by a bailiff), and can be activated on any type of credit (tenders, agreements, contracts, but also contributions).