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Section 1: Introduction

Introduction

Welcome to the Community First Bank Car Loan Accreditation Program. The aim of the program is to provide you with important information about how to promote our personal loans to your customers, how to handle the application process as well as the steps that will occur during the loan approval and the loan settlement.

It is important that we provide a training program such as this one because our Australian Credit Licence requires us to ensure a linked credit provider, which in essence you become once you assist your customers in applying for a personal loan, is appropriately trained.

The training must include important information details and steps in the lending process to ensure the customer is given adequate information before proceeding with the loan application.

Community First Bank is a member owned financial institution. That means we are here for our members and our key focus is on building and maintaining a strong and viable financial institution that has the resources and financial strength to protect our members' investment in the business and support their life stage and life style financial services needs.

Thank you for taking part in this program. The learning objectives below will give you an overview of what you will learn in this Program.

Learning Objectives

When you have finished this Program you should be able to;

- Describe to a customer what a Community First Bank Car Loan is and detail the terms and conditions attached to these loans
- Explain to customers the features and benefits of the Community First Bank Car Loan
- Outline the steps required to apply for a Community First Bank Car Loan
- Explain the steps for the approval and funding process for a Community First Personal Loan
- Discuss disclosure requirements and limitations regarding giving advice in respect to a Community First Bank Car Loan

Why do I need to do this program?

The National Consumer Credit Protection Legislation administered through ASIC requires all holders of Australian credit Licences to ensure all people who represent financial products have the skills and knowledge to be able to give accurate and timely information to retail customers so that they are able to make an informed decision about the suitability of these products to fit their individual needs.

The skills and knowledge includes understanding interest charges and fees as well as term and other conditions attached to these types of loans. As a third party lending partner you represent products on our behalf to your customer. This relationship is described as a linked credit provider.

A linked credit provider is someone who sells products to retail customers and arranges contracts for credit through a contractual relationship with a financial institution. This includes any situation where the application for credit and the signing of the contract could be done at the premises of the linked credit provider.

How do I work through this Learning Program?

This Learning Guide is comprised of 6 sections including this introductory section. You should work your way through each of these and complete the activities that are contained in this Learning Guide to check your understanding of the Program.

At the end of the Program you will be required to complete an assessment that has 10 multiple choice questions (with more than one correct answer) as well as 10 true / false questions. You will need to achieve an 80% pass mark.

If you are unsuccessful, you should go back and re-read the sections in which you may not have responded correctly. If you are still unsure, you should contact your Community First relationship manager and request additional support to assist you to achieve the learning outcomes required to be successful in achieving accreditation.

What will be my responsibilities as a Credit Representative and a Linked Credit Provider?

Your responsibilities will be to develop a clear understanding of the Community First Car Loan and the terms, fees, conditions and restrictions that apply to this product. Credit representatives must be adequately trained and competent to engage in the credit activities authorised by the credit licensee.

Section 2: Everything you need to know about the product

Overview

In this section we cover the key aspects of the Car Loan that you will need in order to provide your customers with information to support their decision making about the suitability of the product.

It covers the amount that can be applied for, the term of the loan, fees that are charged including interest rate structure as well as the application process.

What is a Personal Loan?

Community First offers 2 specific products available for vehicle purchase;

	Car Loan	Green Car Loan
Description	A secured <u>fixed or variable rate</u> car loan that is used for the purpose of buying cars up to 5 years old, brand new registrable motorbike, brand new caravan or brand new boat.	A secured <u>fixed or variable rate</u> car loan that is used for the purpose of buying a brand new electric or hybrid cars
Interest Rate Type	Fixed or Variable	Fixed or Variable
Maximum Term	7 years	7 years
Available Assets	Cars, Boats, Caravans and Motorbikes (must be registrable)	Brand new electric or hybrid cars

Both products are secured via a "Goods Security Agreement" registered on the National Personal Properties Securities Register (PPSR).

The age of the asset will be determined by the plate date not the sold date.

Car Loans cannot be used for debt consolidation, however additional funds can be applied for to cover reasonable purchase costs like registration and insurance (max 20% of purchase price).

The minimum amount that can be applied for must be equal to or be more than \$10,000. Community First does not have a maximum product limit for Car Loans.

Fees and Charges

Community First offers a single product variants to third parties with the product supporting brokerage only. No commission is payable on car loans.

	Brokerage Variant	
Product Name (Inteflow Decisioning)	Car Loan	Green Car Loan
Application Fee	\$249 (inc PPSR Registration)	
Monthly Account Keeping Fee	\$10	
Maximum Brokerage	Loans < \$50,000 (excluding capitalised brokerage fee) <i>Up to 5% of loan amount (max \$1,500)</i> Loans > \$50,000 (excluding capitalised brokerage fee) <i>Max brokerage \$2,200</i>	
Interest Rate Type	Fixed or Variable	Fixed or Variable

What are the key features of Community First's Car Loans?

Variable Rate

Community First Bank's New Car Loan is offered on a variable basis. A Variable Rate Loan is a loan where the interest rate charged can change over the term of the loan.

It is a common perception that the interest charged on Variable Rate Loans is linked to the cash rate set by the Reserve Bank of Australia (RBA). The cash rate set by the RBA is one of many factors that determine the interest rate payable on a Variable Rate Loans.

Although Interest Rates normally go up or down with changes made by the RBA, the interest rate on a Variable Rate loan can change up or down at any time based on factors including the financial institutions costs to provide a particular loan and industry competition. It is not unusual for the interest rates on Variable Rate Loans to change outside of changes made to the RBA.

Fixed Rate

Community First Bank's Car Loan is offered on a fixed rate basis. The rate is fixed for the term of the loan – up to 7 years. The rate payable will not increase or decrease for the term of the loan. An early repayment fee will apply for early payout of the loan.

Redraw Facility

Where a customer is at least 1 month repayments ahead on their loan, they have redraw facility, where the excess can withdrawn from the loan. In all cases, where customers need to enquire about a redraw option, they can do so by utilising their internet banking facility or by contacting Community First on 1300 13 22 77.

Where a redraw is done online the redraw is free and where a redraw is staff assisted the fee is \$30.

How does the customer make payments on the Loan?

Direct debiting of loan repayments is a requirement of funding. Community First will collect account details to establish a direct debit arrangement at the time of funding. Community First will not fund a loan without these details.

Customers must ensure that funds are available in their account to enable the direct debits to occur to avoid direct debit dishonour fees.

Section 3: The do's and don'ts of promoting our product

Overview

In this section we cover the things you can and the things you cannot do. It is important that as a linked credit provider you help Community First and yourself to stay within the legislative requirements of working in the financial services industry. These include requirements around loan advice and taking an active role in the application process by assisting the customer complete an application.

Promotion

As a distributor you are able to promote our products and services. As a credit representative of your credit licensee, you need to maintain your obligations to your credit license including being trained and authorized to promote and give advice on the product. Any promotional materials used must be sourced from Community First including marketing flyers and use of calculators. Materials can be sourced from your Relationship Manager at Community First or from;

- <https://www.communityfirst.com.au/tools/calculators>
- <https://www.communityfirst.com.au/personal/car-loans>

Where you have referenced the use of a calculator when you are selling products and discussing the option of using a Personal Loan you must inform the customer that "the results from the calculator should be used as an indication only."

Also, you must include the statement that includes the following ... "results do not represent either quotes or pre-qualifications for a loan and the specific details of the loan will be provided in the loan contract"

You must not promote yourself as being an agent or employee of Community First Bank.

Application of the Personal Loan

You are able to offer Community First's car loan products for any eligible purpose under those product terms.

You are not able to discuss, promote or assist a customer obtain other finance products with Community First (i.e. Credit Cards, Home Loans etc.) unless separately accredited to do so.

Please note that additional documentation may be requested in some circumstances to support a loan application (such as self-employed applicants).

A Community First credit assessor will complete internal checks to verify customer information. In the event that these checks do not pass regulatory requirements Community First will request further information.

Using the Community First Brand and Logo

You must obtain approval from Community First to use the brand logo and other marketing materials for all advertising, promotion and merchandising material.

Unlicensed Referrers

Where you receive referral from unlicenced businesses (for example car dealerships that do not have an ACL), you must ensure they do not provide credit assistance and meet all exemption requirements under the NCCP Regulations. This includes preventing unlicenced companies doing the following (not exhaustive); collecting loan application documents and specifically recommended a product, term or amount and ensuring that credit licencing referral exemptions are followed.

Best Interests Duty

You may be captured by Best Interest Duty obligations as a broker and need to consider your obligations in providing credit assistance in relation to car loans. If you cannot meet the best interest obligations you cannot provide credit assistance to that customer. Community First cannot give you legal advice on your obligations under this duty and where clarity is needed you should seek advice from your aggregator or legal professional.

Section 4: Explaining the features and benefits

Overview

In this section we will discuss the use of the Car Loan features and translate these into benefits. This will help you communicate the product optimally and provide good customer service.

There is a large amount of information available on the website, and this can be provided to the customer when enquiring. However, it will provide more clarity and relevance if you are able to explain to the customer how certain important features can be better explained by linking these back to your understanding of the customer's needs.

Features & Benefits

Your understanding of general sales skills would very likely highlight the need to be able to translate features into benefits.

This is also important when assisting your customer when purchasing assets to take advantage of an alternative method of purchasing these products. By applying for a Car Loan the customer has a choice in how they wish to conduct the transaction. In the following section we will discuss how to raise certain features and suggest how you may want to translate these in conversation into customer benefits.

Be 'buy-ready'

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Seeking finance before purchasing can assist buyers know they maximum vehicle purchase price they are able to afford putting them in a better negotiating position with dealers. Additionally, by being 'buy-ready' with finance preapproved, customers can purchase their new car faster.

Redraw

A redraw facility allows the borrower to access the additional funds (*in excess of the scheduled repayments*) they have repaid to the loan. This gives the customer flexibility as they can focus on repaying the debt sooner, whilst having the peace of mind that they can access the additional funds repaid in times of need.

A redraw is also available on the fixed rate option, which is very convenient and not always offered by other financial institutions.

Easy Application Process

By applying online or by phone, the customer can get professional assistance from a highly trained Community First person to help them. The application process is relatively simple and does not require the amount of paperwork that a secured type of finance requires.

Section 5: The application process

Overview

In this section we will discuss in detail the application process just so that you are clear on the things you can do to facilitate this stage of the sales process. The application process in essence involves the customer and the Community First online application link or the Community First contact centre person who is trained to handle the loan application.

The Application Process - Overview

The application process starts at the point where you introduce the option of applying for a Car Loan to the customer. This process assumes that you process the loan application.

1. **Needs Analysis Discussion** – it is critical that a needs based discussion is held verbally with the potential application to understand the suitability of the loan product.
2. **Application Completed** - An application can be completed with the customer via our online loan origination platform. The application must be completed accurately and in line with Community First Bank's credit policies.
 - a. Supporting evidence will be required and documentation required will be based on the credit risk of the application. Supporting evidence can be collected and uploaded by the credit representative into the loan platform, or can be uploaded by the customer directly via a link emailed to them.
3. **Application Lodged** -Once an application is submitted a system generated credit decision will be made. The application will either be 'conditionally approved,' 'referred' or 'declined.' This decision can be communicated to the applicant along with the process from this point.
4. **Document Check** - All requested supporting documents received will be checked and verified by a Community First Bank loans assessor.
5. **Credit Assessment** -Application sent to Community First lending team for assessment, and a credit response is provided to the customer within 48 business hours (the application is either approved, declined or other conditions may be requested).
6. **Final Credit Decision Response** -Once the application has had final assessment, the credit decision will be delivered. This will be updated in real time via our loan origination platform.
7. **Contract Sent Out** - Contracts will be emailed directly to the customer automatically and immediately on final approval from Community First Bank.
8. **Contract Acceptance** - On approval the customer needs to contact Community First to accept the credit contract and have the loan funded. Car Loans require a hard copy Good Service Agreement to be signed by the applicant and retuned to Community First Bank
9. **The Loan Funding** – On acceptance, the loan is funded to an account set up with Community First and instructions are collected from the member to disburse the loan. Please note we cannot disburse directly to an asset dealer.

The Documents Required

1. Proof of Income

- a. To check the customer's capacity to meet the financial obligation, 2 recent pay slips, preferably consecutive will be needed to provide proof of income as a minimum
- b. Self Employed Applicants may require two most recent years' tax returns and notice of assessments for the business and the applicant unless the applicant is eligible for our low risk assessment.

2. Bank Statements

- a. Applications that exceed \$25,000 in value will require the last 3 months transactions statements. Statements can only be provided via bankstatements.com.au

3. Dealers Invoice

- a. Applicants will be required to the invoice for the asset purchase.

4. Certified ID

- a. If an applicant cannot be identified electronically via the system, a face-to-face certified ID check will be required.

5. Membership

- a. Community First is a member owned organisation and is run to benefit its members rather than external shareholders. Every new customer to the credit union becomes a member and each member is allocated a share in the organisation.
- b. Once the loan contracts are signed and received, a \$2 refundable membership fee is disbursed from loan proceeds (Fee refunded in the event of the membership being closed). The Membership consent is received from the customer via a clause in the loan contract. This membership share is \$2 per applicant.

Section 6: How is a loan settled

Overview

This section is about the settlement process. It is a short section that covers the steps of loan contract administration as well as the process used to disperse the funds once the loan is approved.

What is the Settlement Process?

We examined the loan process in the previous section. Here we look in more detail at the final part of the loan process – the settlement process.

In order for Community First to disperse the funds two conditions must be completed. The first is that the applicant must accept the loan contract. This acceptance is done verbally via Community First Bank.

Secondly, Community First collects instructions from the applicant as to where the funds are to be disbursed or the member can transfer the funds to the dealer independently. Community First must settle the loan to a transaction account established at the application process and from this transaction account, the proceeds are disbursed to the relevant parties.

How is the Loan Settled?

The funds will be disbursed via EFT (electronic funds transfer). On settlement, the loan will be disbursed in the following order:

1. Membership fee \$2
2. Loan application fee
3. Disbursement (inc brokerage if applicable)
4. If there are any surplus funds these will be dispersed to the customer. If surplus funds exceed 10% of the original loan amount a settlement variation letter will be completed by Community First.

Who do I Contact to get Help?

There are a number of support contact numbers provided to assist both you as the distributor and your customer, the loan applicant. For applications and customer support phone 1300 13 22 77 or reach out to brokersupport@communityfirst.com.au

How can Repayments be structured?

Minimum repayments are calculated monthly. Repayments can be nominated as weekly, fortnightly or monthly (fortnightly repayments are calculated as the monthly repayment divided by two). The first payment due date will be provided in the contract.

Section 7: What are FAQ's?

Overview

In this section we provide answers to frequently asked questions. These may provide you with more insights and responses that you may provide to your customers in the event that they have some concerns or questions that they may raise.

What are Frequently Asked Questions?

Who is Community First Bank?

Community First is member owned and run for the benefit of its Members – and it is not for external shareholder profit. Community First is the largest community based credit union in Sydney and has been offering its members competitive banking solutions for over 60 years.

Can I advise my customer information about the Car Loan products, fees and interest rate?

Yes, these details will be readily available on the web portal and can be provided to the customer on request

Who can the distributors contact if they have any questions or require assistance?

Distributors can contact their Partnerships Manager

How long will it take for the customer to receive a decision on their loan application?

Community First's loan origination platform will give an initial decision on submission with a final credit decision provided within 48 hours.

What is the application fee on the loan?

The total application fee is either \$249 including the Application fee and PPSR Registration Fee.

Are there any ongoing fees on the loan?

Yes – there is a \$10 per month account keeping fee.

Where can I find more information on the products?

[Car Loans | Community First Bank Great Value Car Loans](#)