

# Third Party Accreditation

## Solar and Home Improvement Lending

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### Section 1: Introduction

#### Introduction

Welcome to the Community First Bank Personal 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 Personal Loan is and detail the terms and conditions attached to these loans
- Explain to customers the features and benefits of the Community First Bank Personal Loan
- Outline the steps required to apply for a Community First Bank Personal 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 Personal 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 Solar Partner you represent products on our behalf to your customer. This relationship is described as a linked credit provider.

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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 7 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 Personal 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 Personal 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?**

A personal loan is one that is supported only by the applicant's credit worthiness. It does not rely on any form of security or collateral such as a house. The minimum amount that can be applied for must be equal to or be more than \$1,000. Community First does not have a maximum product limit for Green Loans and Home Improvement loans.

This type of loan has a minimum term that must be for 12 months or more. The maximum time over which such a loan can be taken is no more than 120 months (or 10 years).

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### What are the key features of Community First's Solar and Home Improvement Personal Loans?

#### Variable Rate

Community First Bank's Solar 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.

### Fees and Charges

Community First offers two product variants to third parties; a commission variant product and a brokerage variant product.

	<b>Commission Variant</b>	<b>Brokerage Variant</b>
Product Name (Inteflow Decisioning)	Green Loan (via Partner) or Home Improvement Loan (via Partner)	Green Loan or Home Improvement Loan
Application Fee	\$395	\$249
Maximum Brokerage	Nil	5% of loan amount (max \$1,500)
Commission Payable	\$375 + GST	Nil (Application Fee retained by Community First)
Interest Rate Type	Variable	Variable
Interest Rate (as at 4 <sup>th</sup> April 2024)	6.54% p.a.	6.54% p.a.
Monthly Loan Fee	\$10	\$10

### 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.

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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 the solar 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/green-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.

#### Personal Loan Originations

You are able to offer Community First's home improvement and solar 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.

Community First has standard documentation requirements for personal loans. Please note that additional documentation may be requested in some circumstances to support a loan application (such as self-employed applicants).

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Verification checks of the application or documentation will be completed by either a Community First Bank Lending Specialist or Credit Assessor.

### **Your payment and charging of fees**

If you select the commission variant (\$395 App Fee) product, you **must not capitalise any other fees or charge** your customer as part of the loan.

All commissions and brokerage fees must be accurately recorded in our lending platform to ensure that required disclosures are made in the loan contracts.

### **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 unlicensed businesses (for example solar installation companies 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 unlicensed companies doing the following (not exhaustive); collecting loan application documents and specifically recommending a product, term or amount and ensuring that credit licensing referral exemptions are followed.

*Further information can be found in the Community First "INF0615 Credit Licence Exempted Referrals" guide.*

## Section 4: Explaining the features and benefits

### **Overview**

In this section we will discuss the use of the Solar / Home Improvement 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 systems system to take advantage of an alternative method of purchasing these products. By applying for a Solar Loan the customer has a choice in how they wish to conduct the transaction. In the following section

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we will discuss how to raise certain features and suggest how you may want to translate these in conversation into customer benefits.

### **Convenient and Accessible**

Subject to approval, these loans are a convenient method of buying environmentally friendly home improvements or general home improvement. Because there is no security required, the loan is more accessible to people who do not wish to provide security but rather base the loan on their individual credit reputation.

### **Lower Interest Rates**

The rates offered through Community First means that the customer can enjoy saving energy costs and pay a competitive rate on the loan, which in many cases can make ownership cash flow positive.

### **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. If you are accredited, you are able to complete the application process with the customer end-to-end. The application process is relatively simple and does not require the amount of paperwork that a secured type of finance requires.

### **No Early Repayment Penalties**

The customer has full control to pay-off the loan earlier than the contracted term.

### **Flexible Loan Term**

The Solar Loan can be taken over 1 or up to 10 year term. This gives the customer more flexibility in planning at what rate they wish to repay the loan and to budget to suit changing circumstances.

### **Low Fees**

Financial institutions charge fees including application and monthly administration fees. The Solar/Home Improvement Loan has a low application fee of either \$249 or \$395. There is a low \$10 per month ongoing monthly administration fees making the product easy to understand and reflective of a low cost personal loan option for environmentally friendly uses.

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### Section 5: The application process

#### Overview

In this section we will discuss in detail Community First's application process. Third Party introducers follow the same process as Community First.

#### The Application Process - Overview

The application process starts at the point where you introduce the option of applying for a Solar/Home Improvement Loan to the customer.

1. **Needs Analysis Discussion** – it is critical that a needs based discussion is held 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. This can be completed over the phone or in person. 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 conditional decision can be communicated to the applicant at this point and they will also receive an email on the decision. Once all required documentation is uploaded, the application will be queue to either a Community First Loan Assessor or a Community First Sales Consultant to assess the application.
4. **Document Check and Final Credit Assessment** - All requested supporting documents received will be checked and verified by a Community First Bank loans assessor as part of a final credit assessment.
5. **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.
6. **Credit Contract Issued** - Contracts will be emailed directly to the customer automatically and immediately on final approval from Community First Bank.
7. **Contract Acceptance** – Once the applicant has reviewed the credit contract, the applicant needs to contact Community First to accept contracts. No signatures are required to accept.
8. **Loan Funding** – On acceptance, the loan will fund either on

#### The Documents Required

	<b>Conditionally Approved</b> (all applications under \$25,000 that are not declined by the system)	<b>Referred</b> (for all applications that are over \$25,000 and are not declined by the system)
<b>Income</b>	<b>Evidence of Income</b> <ul style="list-style-type: none"><li>• PAYG Salary – 2x Payslips</li></ul>	

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	<ul style="list-style-type: none"> <li>• Allowances / Overtime – last Group Certificate</li> <li>• Self Employed – Current year Tax Assessment Notice (if not current, 2 year full financials)</li> <li>• Centrelink – Last Centrelink Income Statement</li> </ul> <p><b>Income entered into Inteflow Decisioning and noted in submission should match the frequency on the income verification document.</b></p>	
<b>Statements</b>	Not Required	6 months transaction statements evidencing income deposit
<b>Other - Solar or Home Improvement</b>	Copy of Solar / Home Improvement Invoice or proposal	
<b>Other – Brokerage / Origination Fee</b>	Copy of Credit Proposal or Brokerage Invoice	
<b>Other – ID</b>	If electronic ID verification failed ( <b>IDMatrixVerify Alert</b> ); <ul style="list-style-type: none"> <li>• Copy of Identification (usually Drivers Licence) certified by Bank staff member or available witness on our "Certifier Form" and posted with Certifier Form to P.O Box 98 Lidcombe NSW 1825</li> </ul>	

*Further information can be found in the Community First "Third Party - Process, Summary and Tips - Unsecured Lending" manual.*

Community First is a member owned organisation and is run to benefit its members rather than external shareholders. Every new customer to the bank becomes a member and each member is allocated a share in the organisation.

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.

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Where Community First has valid disbursement details via a solar invoice, we will pre-load these details in our system for payment on settlement and will confirm these details with the applicant at acceptance. Where we pay a solar/home improvement installer directly, we will not settle the loan until the customer confirms the works have been completed and invoice is due.

### **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 702 199. The Environmental Finance Team Community First Direct is open 9am-5pm weekdays and 9am- 12pm Saturdays (AEST).

### **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.

#### **What is the Solar Loan?**

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The Solar Loan is a competitively priced unsecured personal loan that assists consumers to purchase environmentally friendly products and potentially achieve a positive cash flow position from year one

***Can I advise my customer information about the Solar Loan product, fees and interest rate?***

Yes, these details will be readily available on the web portal and can be provide 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 Firsts 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 application fee is either \$249 (Brokerage Variant) or \$395 (Commission Variant)

***Are there any ongoing fees on the loan?***

No. There are other fees and charges applicable (i.e. Late Payment Fee). These service fees are outlined in the credit contract and Community Firsts Fees and Charges guide.