Community First Bank Consumer Credit Policy - Third Party Publication

This credit policy is Commercial-in-Confidence. The contents must not be communicated or shared for purposes other than consumer credit origination and must be utilised in accordance with Mortgage Origination, Introducer or Referrer Agreements.

This policy is based on version August 2025.

Purpose

P11.1 (reserved)

Definitions

P11.2 Consumer Credit

Lending facilities provided to members are defined as any credit advance that is of a personal nature and conforms to the National Credit Code.

The Consumer Credit facilities offered will include but are not limited to:
- Residentially Secured Mortgages;
- Credit Cards;
- Transactional Banking/Overdraft;
- Personal Loans;
- Green Loans;
- Vehicle Finance.

P11.3 (reserved)
P11.4 (reserved)

P11.5 Eligible Borrowers

Community First must ensure that all borrowers to a credit facility will receive a beneficial interest from the proceeds of the facility (e.g. ownership in the asset purchased by the funds from the facility). This also includes intangible benefits i.e. family relationships.

If a party to a facility is not receiving a benefit from the facility, they cannot be a borrower but may be a guarantor.

A borrower or the borrowers to a facility must be able to meet the repayments on the facility without the income of the guarantor being considered to meet the required repayments.

Community First will consider borrower/s that are registered companies or trusts where the purpose is to borrow for long term investment into residential property and is meeting the Consumer Credit Policy.

Where the Trustee is a company the mortgage is to be given in the company's corporate capacity and trustee capacity. In addition, an unconditional, unlimited and irrevocable Guarantee and Indemnity is required from all non-professional trustee directors of the Trustee Company.

In the case of a unit trust, guarantees are required from all unit holders. These conditions apply equally to a family, discretionary and/or Unit trust.

Note: Community First does not permit expatriate Australian citizens or permanent residents, living or working overseas to apply for any form of consumer finance.

P11.5.1 Unacceptable Borrowers

Community First does not currently offer financial assistance to the following types of Borrowers:

(a) Minors, under any circumstances.
(b) Overseas nationals without Australian citizenship or permanent residency (including New Zealand Citizens on Subclass 444 – Special Category Visas)..
(c) Applicants with a credit score (including any credit scoring tool implemented by Community First) that is less than the minimum acceptable score for the applicable scoring tool, as determined by ALCO from time to time
(d) Companies with directors and Trusts with trustees living and working in a country other than Australia.
(e) Company directors purchasing property from their own developments for investment purposes.
(f) Borrowers of convenience i.e. any Borrower that is added to a loan to support servicing or provide security but does not receive any tangible benefit.
(g) Body corporate entities.
(h) Hybrid Trusts
(i) Borrowers with an outstanding or unsatisfied judgement or Writ.
(j) There has been a declared discharged bankruptcy as evidenced via current Credit Reference Report or is currently an undischarged bankruptcy.
(k) Community First accounts must not currently be or have been 30+dpd in the last 12 months.
(l) The member has had prior bad debts greater than $50 with Community First which have been written off and which have not been repaid in full.
(m) Unregistered companies or companies not registered for GST
(n) Applicants whose employment and/or income stream is illegal or generated from illegal activities.
(o) Applicants acting or reasonably believed to be acting under duress, financial abuse or coercive control
(p) Applicants with a Significant Adverse listing on their credit bureau history, regardless of actual credit score.
(q) Applicants who cannot / do not understand the consequences of entering into a credit contract / guarantee or who Community First reasonably believe do not or cannot understand those consequences
(r) Applicants relying on unacceptable income (including Centrelink Home Equity Access Scheme advances)
(s) Unincorporated Entities
(t) Not for Profit Entities
(u) Applicants on probation borrowing with an LVR in excess of 80% or those who are on probation that have changed industries (regardless of LVR)

(v) Any borrower deemed unacceptable by the Head of Credit Services, Chief Executive Officer, ALCO or the Community First Board.

Any applicant that is not included in the above list of "Unacceptable Borrowers" is deemed to be an Acceptable Borrower

P11.5.2 Tangible Benefits Test

A borrower is required to demonstrated that their inclusion as a borrower will result in that borrower obtaining a tangible benefit from being a co-borrower.

A tangible benefit is described as a borrower obtaining a direct, personal and financial benefit from being a co-borrower of a proposed loan. A direct, personal or financial benefit is defined as ownership of an asset being purchased or refinanced by the proposed loan.

In order to meet this requirement and demonstrate a tangible benefit exists, a co-borrower would need to meet the minimum required ownership, as follows:

Purchasing or refinancing an asset	A minimum asset ownership of 20%
Debt Consolidation of co-borrower's debts	All borrowers must have a minimum ownership shareholder equal to *the greater* of 20% of the security asset value, or a percentage equal to the non-security owner's share of debts being consolidated, whichever is the greater. The application will only be considered where the ownership of the proposed security property is changed to include the additional borrower.

It is not necessary to demonstrate a tangible benefit in the following scenarios:

a) Borrowers applying for a loan to provide a gift to family members (e.g. gifting their children funds to complete an asset purchase or pay for a wedding etc). Borrowing funds to provide a gift to a family member is an acceptable transaction, as applicants are knowingly incurring a debt to support the recipients.

b) Loans to purchase or refinance an Owner Occupied loan, as co-borrowing non-owners receive a direct and personal benefit of "occupancy" of the property.

A tangible benefit is required to be demonstrated for all loans seeking to purchase or refinance an investment property, as co-borrowers obtain no financial benefits, as rental income, tax deductions and ownership is not held by the co-borrower and they do not benefit from occupying the property.

P11.5.3 Credit Bureau Reports

An unacceptable credit bureau report is categorised as either:

Adverse	The following credit bureau listings are considered "adverse" and will may be considered under any circumstances: • Paid defaults < $500 • Evidence of Hardship assistance provided by existing lenders
Unacceptable	Unacceptable Findings The following credit bureau listings are considered "unacceptable" and will not be considered under any circumstances: • Bankruptcy (regardless of status) • Judgement • Court Writs or Summons • Defaults not paid in full (Unpaid / Settled Defaults) • Paid Defaults >$500 • Paid Defaults listed by the Community First • Defaults paid less than 12 months prior • Clear-outs • Winding up or liquidation proceedings

Where a ***Unacceptable*** is evident on the applicants Credit Bureau Report, the application will not be considered until such times as the applicants Credit Bureau Report is free from any Unacceptable Listing.

P11.6 Loan Purposes

Lending may be approved when it fits within this policy and Community First risk appetite as defined in P05 Risk Management Policy. Loans may be approved for any worthwhile purpose, provided the loan purpose is not an Unacceptable purpose. Any loan purpose that is not "Unacceptable" is considered "acceptable"

P11.6.1 Unacceptable Purposes

Community First will exclude the following purposes:

(a) Business/Commercial purchases or related transactions (assessed under Business Credit Policy)

(b) Business/Commercial developments

(c) That may breach Australia Criminal Laws (regardless of jurisdiction)

(d) If it would breach a regulatory prudential standard or guideline, and regulatory approval to proceed is not held;

(e) The activity is likely to materially damage Community First's reputation with its members in respect to honesty, integrity and trust;

(f) An aspect of the contract is not in accordance with the Constitution of Community First (e.g. the borrower is not eligible to be a member of Community First); or the borrowing is an exclusion or does not comply with the product parameters.

(g) Proposed loan is to provide funds for payment of outstanding taxation or any other statutory liabilities (e.g. Council Rates, Water Rates etc)

(h) Refinance of liabilities to Debt Recovery or Collections companies, regardless of whether the liability is listed as a default or not.

(i) Any loan secured by a 2nd mortgage (except for 2nd mortgages from guarantors in relation to Parental Guarantees)

(j) Refinancing partially complete dwellings

(k) (reserved)

(l) (reserved)

(m) Loans to construct a dwelling on an Owner Builder basis (builder operating under an Owner Builder licence)

(n) Loans to construct a dwelling on a cost-to-complete basis (no fixed price contract and progress payments based on costs incurred, not percentage of work completed.)

(o) Mortgage loans including cash out / equity release in excess of ALCO-approved limits

(p) Reverse mortgage loans

(q) Loans which are unacceptable or contrary to the National Consumer Credit Code or Community First Target Market Determinations

(r) Loan product and term are inconsistent with the economic life of the asset being acquired or refinanced (i.e. long term debt for short term assets)

(s) Construction loans relating to the construction of security properties under a split building contract (construction of Community First security is directly dependant on the construction of adjoining properties not held as security by Community First – e.g. terrace houses)

(t) Any purpose deemed unacceptable by the Head of Credit Services, Chief Executive Officer, ALCO or the Community First Board.

P11.6.2 Policy Exceptions and Overrides

(reserved)

P11.6.3 Maximum Exposure per Borrower.

(reserved)

P11.6.4 Maximum Loan Terms:

(a) The term of a loan is the number of years within which Borrower/s are to repay the amount borrowed, including the accrued interest. Community First has maximum terms attributable to various loan products, however other factors can influence the decision on the best term applicable to a particular loan application. These factors include:

(i) The age of the applicants.

(ii) The condition of the property over which Community First is securing the loan.

(iii) The financial ability of applicants to service the loan, and

(iv) The amount of money applicants are seeking to borrow.

(b) Home Loans: The normal maximum term for amortising (principal and interest) mortgage loans is 30 years.

Where there is an interest only component the preferred maximum interest only term is 5 years. An additional Interest-only period will need to be assessed as a new loan application, subject to new loan assessment subject to the loan meets Community First affordability criteria over the new remaining amortising term.

A loan may be established to convert to principal and interest after an initial interest only period. The overall term on a converting loan cannot exceed 30 years;

Non-Mortgage secured loans The maximum available term to be determined by ALCO

P11.6.5 Housing Loan Exit Strategy

Community First does not apply a maximum age for borrowers for any loan product or purpose.

For any housing loan applications where the oldest applicants has had their 50th birthday at the date of application must be supported with an Exit Strategy, acceptable to Community First in the following scenarios:

a) The loan is secured by the applicant's owner occupied / family home;

b) The loan is to purchase or refinance in investment property AND the property will be the applicants only residential property.

Acceptable exit strategies may include use of Superannuation (either as a lump sum or ongoing pension from superannuation funds), sale of other assets, downsizing existing property, repayment of debt prior to retirement or other acceptable strategies. Use of future inheritance is **not** an acceptable exit strategy.

Approval of any loan involving an exit strategy is not considered an Exception to Policy

P11.6.6 Security property requirements

(a) Security, if any, to be provided by the borrower and, if applicable, the guarantor to Community First to support the facility provided to the borrower so that in the event the borrower defaults the potential loss to Community First may be minimised. The taking of security to support the credit facility provided to the borrower does not negate the need for the borrower to be able to service the facility without being overcommitted.

(b) The minimum requirement for a housing loan is for a registered first mortgage over acceptable residential property in favour of Community First . All real property taken as security is to be considered "readily marketable", with comment made by the Valuer to address this requirement, refer to "P11.7 - Valuation".

(c) Additionally a guarantee may be taken from acceptable Guarantor(s) to support the security position of the borrower using the Family Guarantee policy. The guarantee must be supported by a first or second registered mortgage by the guarantor over acceptable residential property in favour of Community First and may be used in the calculation of overall LVR (less any 1st mortgage held on Guarantors property).

(d) Any property over which Community First has a registered mortgage must also have Building Insurance whereby Community First is noted as an interested party the details of which must be provided prior to settlement. Building insurance must be maintained whilst Community First has an interest in the property.

(e) The following table outlines the mandatory minimum security requires for Consumer Loans:

Product	Mandatory Security
Home Loan	• First registered charge over acceptable residential property. • First registered charge over an additional acceptable residential property.
Home Loan - Potential Additional Security Options	
Guarantee	▪ Supported by first or second registered mortgage over acceptable residential property.
Term Deposits	• Only where it is lodged with Community First or fully owned subsidiaries.
Product	**Mandatory Security**
Personal Loan Secured car loan type	• First charge over motor vehicle.
Personal Loan	• Other loan types - no mandatory security but acceptable security may be taken.
Personal Loan - Potential Additional Security Options	
Term Deposits	• Only where it is lodged with Community First or fully owned subsidiaries.
Product	**Mandatory Security**

Overdraft	• No mandatory security but acceptable security may be taken.
Credit Card	• Not applicable. Community First does not take security including guarantees to support credit card facilities.

Note: A Personal Loan, Overdraft or Credit Card may be subject to an 'all moneys' clause where the borrower has a mortgage with Community First and the 'all moneys' clause has been specifically accepted by the borrower in the documentation for the personal loan, overdraft or credit card.

Family Guarantee

(f) As additional security a guarantee from a third party (e.g. parent) may be taken to support the facility. A guarantor must be at least 21 years of age and be acceptable to Community First considering their financial position (i.e. income, expenditure, assets and liabilities). Acceptable guarantors are also limited to:

- Parents
- Grandparents
- Siblings
- De Facto Partner
- Child

(g) Family guarantees should be limited to an amount not exceeding the minimum required to eliminate the need for LMI to be taken.

(h) Where a Family guarantor if offering a mortgage over their family / owner occupied home as security in support of their Guarantee, the Guarantors will be required to provide an "Exit Strategy", outlining how they might meet their guarantor obligations in the event that they cease full time employment and the guarantee remains in force.

(i) All guarantors must be interviewed using the approved interview questionnaire and guidelines.

(j) All Guarantors must seek independent legal in relation to their rights and obligations as Guarantors. Financial advice is recommended for all Guarantor(s). All guarantees taken for Home Loans are to be supported by a first registered charge over acceptable residential property in favour of Community First .

Security Guarantee

(k) For applications where a co-owner of the security property is not a borrower but will be a Guarantor for the borrower (co-owners) loan, the guaranteed liability will be capped at the higher of the loan amount (where property is owned as joint tenants) or the Guarantors shareholding in the property (where property is owned as tenants in common)

(l) All other requirements applicable to Family Guarantee Loans (paragraph (g) to (j) above equally apply to Security Guarantee loans as they do for Family Guarantee loans

(m) All Guarantors must seek independent legal in relation to their rights and obligations as Guarantors. Financial advice is recommended for all Guarantor(s). All guarantees taken for Home Loans are to be supported by a first registered charge over acceptable residential property in favour of Community First .

(n) Requests to waive mandatory Guarantor legal advice can only be approved by Head of Credit Services, Chief Operating Officer or CEO.

(o) Term Deposits: As additional security a Term Deposit held by Community First may be taken to support the facility. The Term Deposit must be acceptable to Community First whilst also considering the member's financial position (i.e. income, expenditure, assets and liabilities) as well as the term that the term deposit is to be used as security. Up to 100% of the value of the Term Deposit may be used as security.

P11.6.7 Personal Loans Acceptable Security

(a) Personal Loans may be secured or unsecured. The taking of security to support a credit facility provided to a borrower does not negate the need for the borrower to be able to service the facility without being overcommitted.

(b) (reserved)
(c) (reserved)

P11.6.8 (reserved)

P11.6.9 Construction Loan Acceptable Securities

Security to be constructed is acceptable security when all documentation as per the MP46 Lending Procedures and Verification Manual has been met and the product meets the criteria Community First has defined in the Lending Product Manual as acceptable "Construction Loan" products. Construction loans have the following mandatory requirements:

(a) Construction loans restricted to single or duplex residential properties to be erected by a licensed builder,.

(b) The building contract must be with a licensed builder, covering all aspects of construction, and should include a fixed price provision with a maximum 12 month term for completion.

(c) The vacant land, plus council approved plans and specifications should be valued by a qualified Valuer on an on-completion basis.

(d) Evidence of a current homeowner's warranty must be sighted.

(e) Insurance policy to be in place between the builder and the borrower.

(f) Council approved plans are required before funds are released.

(g) The borrower's proposed equity in the construction project is to be fully utilised prior to advancing any loan funds.

P11.6.10 Unacceptable mortgage lending security properties

Lending may be approved when it fits within this policy and Community First risk appetite as defined in P05 Risk Management Policy. Secured loans will be considered provided the security offered is not "Unacceptable". Any loan security that is not “unacceptable” is considered “acceptable” The following securities will not be accepted by Community First as security:

(a) Any residential property:

- (i) Where a first registered mortgage cannot be obtained (excluding Family Guarantor properties);
- (ii) Does not allow residential use as a permissible use under the zoning;
- (iii) Any property located outside of Australia or on any Australian islands not connected to the Australian mainland (Tasmania, Scotland Island, Kangaroo Island and Stradbroke Island are excluded from this policy and are acceptable locations)
- (iv) Requires significant renovations / improvements
- (v) Is uninhabitable at the time of settlement
- (vi) Located in small regional or remote locations which do not support an active residential real estate market

(b) Crown Land (other than a Perpetual Crown Lease in the ACT);

(c) Leasehold properties (other than a Perpetual Crown Lease in the ACT);

(d) Any property with an unacceptable title, such as Purple Title (WA), Moiety Title (SA), Company Title, Company Stratum Title (Vic);

(e) Improved site with a land size larger than 40 hectares;

(f) Property subject to the Western Lands Act (NSW);

(g) Any unit or apartment which has any of the following characteristics:

- i. Located in a hotel or motel complex, regardless of use of proposed security property;
- ii. Located in a student accommodation complex;
- iii. Located in a retirement complex;
- iv. Located a serviced apartment complex
- v. A studio or bedsitter apartment (i.e. no bedrooms)
- vi. Is less than 40sqm in living area, excluding balconies and car spaces
- vii. Dual Key apartments

(h) Mobile home, caravan, or re-locatable home;

(i) Boarding house or hostel, including properties where rooms are rented on an individual (per room) basis;

(j) Time-share property;

(k) Property generates primary production income (i.e. is a farm);

(l) Property with life tenancy on title

(m) Properties subject to mandatory rectification orders issued by a Statutory Body of constructed using unsafe building materials (e.g. combustible external cladding).

(n) Unique properties with a limited resale market

(o) Dwellings under construction (partially built at the time of application)

(p) Dwellings to be constructed on an Owner Builder basis

(q) Dwellings to be constructed on a Split Contract basis

(r) Unacceptable zoning which is detrimental to or restricts re-sale

(s) Unimproved properties (i.e. vacant land / no dwellings) greater than 5ha

(t) Security properties in locations / towns which have a singularly dominant economic industry or entity (i.e. mining towns)

(u) Security property is subject to any restrictive covenants which have the potential to limit or reduce a property value on resale or impose resale restrictions

(v) Residential properties, Rural Residential Properties or Rural properties which don't have meet the following requirements:

  (i) Connected to the national electricity grid

  (ii) Have direct vehicular access via a formed, trafficable road

  (iii) Must be readily saleable with no adverse features such as affection by any government or state planning scheme, needs repair or has been poorly maintained or has reduced marketability due to location;

(w) Cash held in any financial institution other than Community First

(x) NDIS and NRAS properties

(y) Landlocked properties (only accessible via Right of Way across another property)

(z) Water Access only properties

(aa) Properties burdened with commercial infrastructure (e.g. telecommunications towers, advertising signage and billboards etc), regardless of ownership of that infrastructure

(bb) Commercial Properties

(cc) Display Homes (leased back to the builder)

(dd) Mobile Homes

(ee) Kit and Relocatable Homes

(ff) Contaminated Properties

(gg) Properties within 50 metres of high-tension power lines

(hh) Vacant land when applicants do not intend to build within 12 months

(ii) More than 4 dwellings on a single title

(jj) Properties with more than one Risk Rating of 5 from the Valuer

(kk) Properties deemed unsuitable for Security purposes from the Valuer

(ll) Properties directly or indirectly impacted by Native Title

(mm) Properties located in an area subject to a flood rating greater than 1% AEP (Annual Exceedance Probability) – also known as a 1:100-year flooding probability

(nn) Any security property deemed unacceptable by the Head of Credit Services, Chief Executive Officer, ALCO or the Community First Board.

P11.7 Loan to Value Ratios:

(a) Community First adopts the LMI's postcode list to a maximum of 80% LVR whilst maintaining all other aspects of acceptable residential security including LVR reductions for regional and rural areas and excluding specialist residential property as follows:

	Maximum allowable LVR's (Subject to all additional LVR limits outlined in Community First policy)		
Maximum Base LVR	70%	80%	95% LVR*
Capital City locations[1]	$10m property limit	$5m property limit	$1.5m property limit
Regional locations[2]	$3m	$1.5m property limit	$750,000
Other locations[3]	Outside policy – Refer to Credit Services		Outside policy
Multiple security properties	Where a facility is secured by multiple security properties, the maximum facility LVR is 80%		
More than 2 dwellings on single title	80%		
Bridging Loans	80%		
Housing Guarantee Scheme	Scheme maximum LVR's apply based on location and Scheme policy		
Cash Out loans	80%		
High Density Dwellings	LMI guidelines to apply		

[1] Capital city locations includes the greater capital city area for each state capital city, including the Illawarra area, Newcastle, Central Coast and Lake Macquarie, Geelong, Gold Coast and Sunshine Coast and the entire ACT.

[2] Regional locations are non-capital city locations with a permanent official population (as at most recent national census) of 15,000 or greater

[3] Other locations are those with a permanent official population (as at most recent national census) of less than 15,000

For the avoidance of any doubt, where uncertainty exists regarding the classification of a security property location, refer to Credit Services for confirmation of classification.

NOTE: the maximum LVR will also be determined by the applicable Product parameters approved by Product and Marketing and ALCO.

Property Type	Maximum LVR (without LMI)	Maximum LVR (with LMI)	Maximum LVR (with capitalised LMI)	Maximum LVR (with other acceptable credit enhancement[1])
Purchase	80%	95%	98%	95% / 98%[2]
Refinance	80%	90%	98%	N/A
Debt Consolidation / Equity Release	80%	90%	98%	N/A
Construction Loan (Contract Builder)	80%	95%	98%	N/A
Construction Loan (Owner Builder)	50%	N/A	N/A	N/A
Bridging Loan	80%	N/A	N/A	N/A

* Subject to LMI location and LVR policy
[1] Other acceptable Credit enhancement includes other acceptable forms of credit support to mitigate Community First credit risk in a manner consistent with to Lenders Mortgage Insurance (LMI).

From 1st February 2020, this will include an Australian Federal Government Guarantee as part of the First Home Loan Deposit Scheme (FHLDS), administered by the National Housing Finance Investment Corporation (NHFIC). Any other forms of credit enhancement will be subject to approval by ALCO.

Loans supported by Other Acceptable Credit Enhancements (including NHFIC Government Guarantee) are subject to all Community First lending criteria and guidelines, For the purpose of policy interpretation and clarity, any policy requirement referencing LMI within Community First policy may also be interpreted as applying to loans supported by Other Acceptable Credit Enhancements (including FHLDS loans) except where varied as a requirement of the Credit Enhancement (e.g. FHLDS guidelines) – see below.

Under the NHFIC Scheme Rules, lenders are required to *"ensure that eligible first home buyers and eligible single parents have used the maximum amount of their savings as a deposit, subject to the credit policies of their eligible lenders"*

As such, all applicants seeking a loan supported by the NHFIC government guarantee are required to contribute the maximum amount of their savings (as defined under LMI policy) towards the purchase of their new property. However, it is permissible for applicants to retain a small amount of savings, not exceeding the following amounts:

- Property purchases — 2% of the purchase price
- Construction Loans — 5% of the completed property value
- Land-first construction loans — 2% of the land purchase price and 3% of the subsequent construction loan.

[2] From 1st July 2021, the Australian Federal Government is introducing a new housing support programme known as the "Family Home Guarantee" Scheme, where lenders will be able to lend up to 98% of the value of a dwelling for eligible borrowers, with the Government guaranteeing the 18% of the loan in excess of an 80% LVR.

A maximum "base" LVR in excess of 95% (to a maximum base LVR of 98% is only permissible for loans which meet the requirements of the "Family Home Guarantee" Scheme ***and are guaranteed*** by the Australian Government, via its agency NHIFC.

The following exclusions apply to Consumer Lending:

(i) Capital City, Regional or Other location

1. Owner Occupied LVR > 80% without credit enhancement (except under Community Advantage policy)
2. Owner Occupied LVR > 98%;
3. Investment LVR >80% without credit enhancement (except under Community Advantage policy)
4. Owner Occupied LVR > 90% for loans approved under the Community Advantage Policy – Refer P11.14 below

(b) The market value as per external valuation is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties has each acted knowledgeably, prudently and without compulsion.

(c) To calculate the loan to valuation ratio (LVR), Community First accepts the lower of:

(i) An external sworn valuation from an approved Valuer instructed by Community First or

(ii) The current purchase price where the purchase contact is < 12 months old at the date of application

(iii) Where the contact of sale is > 12 months old at the date of application, the Loan to Value Ratio may be calculated using the sworn valuation

Where the vendor and purchaser are related parties (e.g. family members or estates of family members) and the purchase of the proposed security property is at a discount due to the vendor / purchaser relationship, the Loan to Value Ratio may be calculated using the sworn valuation

(d) Community First classifies the location of real properties into categories based on their postcode. The categories are:

(i) Capital City;

(ii) Regional;

(iii) Other; and

P11.7.1 Lenders Mortgage Insurance Mandatory (LMI). LMI providers may have restrictions in some locations; refer to the LMI provider's Underwriting Guidelines instructions for guidance.

P11.8 Valuations

(a) The valuation of the property may be derived by either:

(i) an automated valuation model (AVM) – the estimated value; or

(ii) an electronic valuation report (EVR) commonly known as desktop valuations – the assessed value; or

(iii) an external valuation from an approved Valuer instructed by Community First – the market value; or

(i) a Notice of Valuation from the Valuer-General

(b) (reserved)
(c) (reserved)
(d) (reserved)
(e) Community First will only accept valuations from Valuers accredited on its valuation panel, managed by Cotality.

P11.9 (reserved)
P11.9.1 (reserved)
P11.10 (reserved)
P11.11 (reserved)
P11.12 (reserved)
P11.13 (reserved)
P11.14 (reserved)

ATTACHMENT “A” – OTHER LENDING PRINCIPLES & TESTS

1. Product

Credit facilities may only be provided for acceptable legal purposes in accordance with product specifications.

2. Capacity

This test relates to the member’s ability and willingness to repay all their credit facilities, both existing and proposed, considering the member’s current financial position in relation to their income and expenditure to calculate their serviceability, and where applicable, the term of the facility.

This test is an assessment of whether the member has sufficient regular and reliable income to service their borrowings, both existing and proposed, while continuing to live their chosen lifestyle (i.e. expenditure).

As part of the credit assessment process, Community First must document, assess and verify the ability of the member to meet their repayment obligations.

All income relied upon to prove servicing must be verified, see Lending Verification Procedures MP46.

3. Conditions

This test relates to the member’s eligibility and purpose of both existing and proposed facilities considering the conditions surrounding all the credit facilities, especially the proposed facility (e.g. the eligibility of the applicant to borrow, the purpose of the facility).

Community First must comply with all regulatory (e.g. Privacy Act, National Consumer Credit Protection Act) and industry (e.g. Mutual Banking Code of Practice) when considering applications for credit.

4. Capital

This test relates to the member’s willingness to repay all their credit facilities, both existing and proposed, considering their historical ability to generate assets versus their propensity to borrow (i.e. Do they have a balance sheet surplus or deficit and what is their asset quality and value taking into account their age and personal circumstances?). This is also known as their net worth.

5. Net Worth

Members must have a demonstrable surplus of assets (excluding superannuation) over liabilities (i.e. have a positive net worth), both pre and post settlement.

6. Character

This test relates to the member’s willingness to repay all their credit facilities, existing and proposed, considering their history of employment, repayment and savings.

Past performance is the best indicator of future behaviour. Therefore, it is important to assess the way a member has conducted their accounts in the past to give an indication of how they will conduct the proposed facility in the future.

When assessing a member’s character Community First must protect the member’s privacy in accordance with the Privacy Act.

7. Credit Decision Model

All unsecured applications will be subject to the rules determined by the Community First Credit Decision Model which comprise of a combination of the Equifax Score risk rating index plus borrower demographic information. The model provides an assessment outcome (approve, approve subject to additional documentation, refer for further analysis and consideration, or decline). The rules within the model are reviewed on an ongoing basis by Credit Services based upon loan performance and formally, at least annually, approved by ALCO.