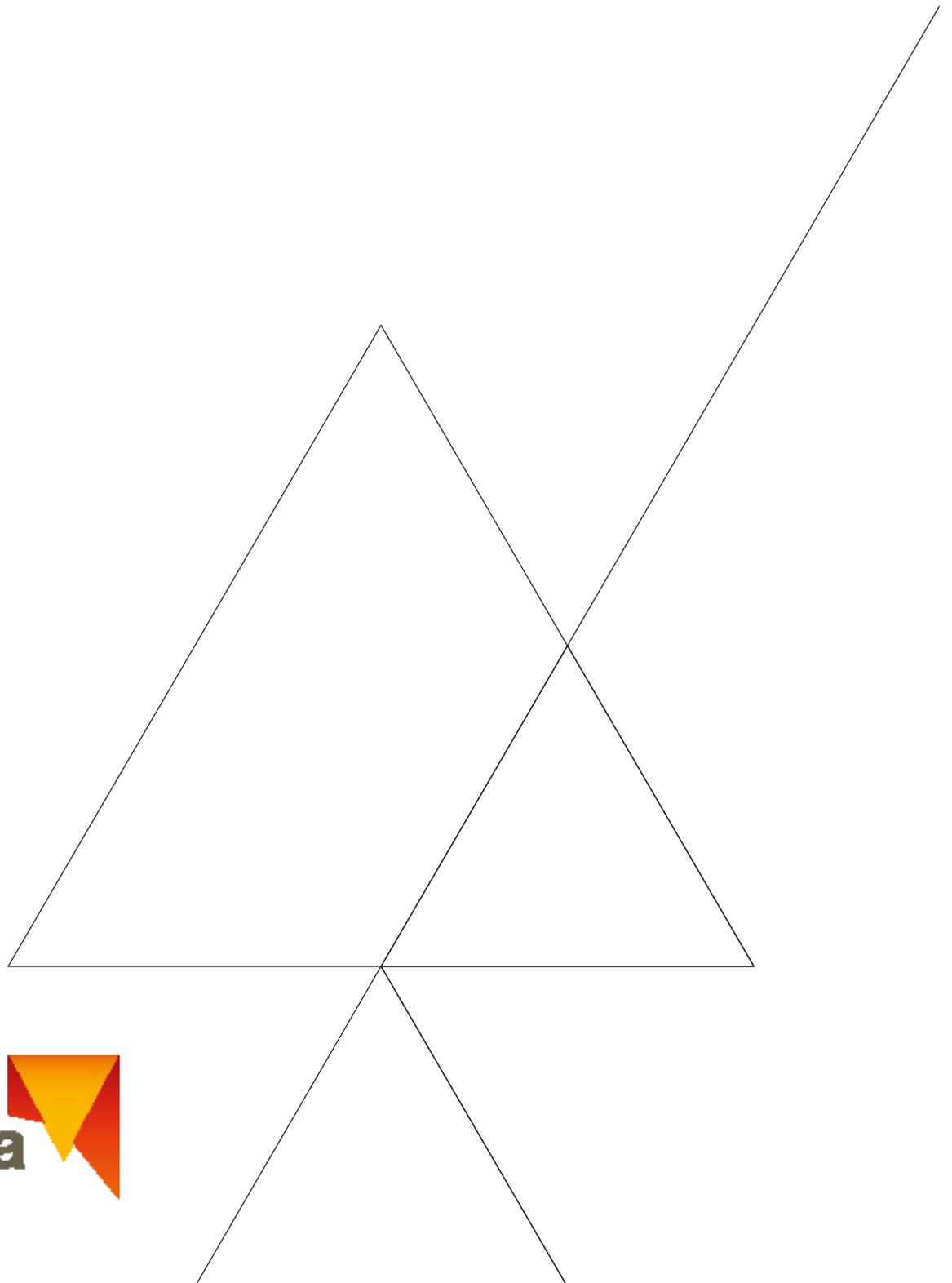


Financial Hardship Assistance Policy

Effective 21 November 2018



Objectives

To assist our Members experiencing financial hardship to manage their financial obligations to Credit Union SA, and to return to being (or to remain) regular, conforming account holders.

Where possible:

- to protect the long term capacity of Members experiencing financial hardship to service their loan(s) and/or overdraft accounts
- to avoid having to instigate enforcement proceedings;
- to avoid Members filing for bankruptcy;
- to encourage Members experiencing financial hardship to seek assistance as soon as possible.

“Financial hardship” defined

For the purposes of this Policy, financial hardship is when a Member wants to pay what they owe but is unable to do so, or anticipates being unable to do so in the near future.

A Member may experience financial hardship for one or more of a number of reasons. These may include (but are not limited to): unemployment; illness/medical expenses; relationship breakdown; reduced income; business failure; Member over-commitment; excessive use of credit; and poor financial management of the Members affairs.

Assistance not always able to be provided

We will not be able to provide financial hardship assistance to all Members experiencing hardship who apply for assistance. Apart from facilitating the voluntary sale of security property, we will not be able to provide assistance where we determine that a Member will not be able to discharge their financial obligations to Credit Union SA even if their repayment terms are varied (in a manner specified in this Policy).

Eligibility to apply for assistance

All individual and small business Members of Credit Union SA experiencing financial hardship are eligible to apply for assistance under this Policy.

Eligibility is not limited to Members who are eligible to apply for a change to their contract on grounds of hardship under the National Credit Code.

Eligibility is not subject to qualifying or disqualifying criteria based on: the cause(s) of the Members hardship; when the Member obtained their loan; the number of days the loan is in arrears; the term of the loan; and/or whether the Member has made a previous application or applications for assistance.

A Member experiencing financial hardship may apply for assistance even if the Member has not defaulted under his or her loan or overdraft account.

Member commitment required

This Policy assumes that a Member seeking our assistance is genuinely experiencing financial hardship, and genuinely motivated to address their situation.

This Policy assumes that a Member seeking our assistance will cooperate in good faith with Credit Union SA, including by:

- providing us with the information and documentation we request to assess the Members application, and doing so within agreed timeframes;
- providing accurate, up-to-date information, including full details of the Members other debts;
- maintaining ongoing contact with us;
- promptly responding to our communications; and
- where applicable, being prepared to seek to negotiate financial hardship assistance arrangements with other credit providers, as part of a comprehensive approach to resolving the Members financial difficulties.

Relation to industry practice and credit legislation

This Policy reflects good industry practice. It is consistent with, but broader and more flexible than, the requirements relating to hardship change applications under the National Credit Code.

Under this Policy:

- eligibility for financial hardship assistance is not limited to Members whose loans and/or overdrafts are regulated under the National Consumer Credit Protection Act. For example, the Policy applies to loans and/or overdrafts to Members who are small business entities;
- there is no monetary limit on eligibility;
- eligibility is not limited to Member whose hardship is due to a “reasonable cause”;
- the types of assistance that may be available include, but are not limited to, the types of contract change that may be sought under the National Credit Code.

Obtaining information from applicant

Before we assess a Member for financial hardship assistance, we require the Member to complete and sign an up-to-date statement of financial position. Members must also provide us with

full information about why they are experiencing financial hardship.

Members must also provide up-to-date supporting documentation that we require, such as (depending on the application): payslips; account statements; notice of redundancy; medical certificate; Centrelink letter etc.

We seek to avoid imposing unnecessary information-provision burdens on Members making an application for assistance under this Policy. We do not seek information or supporting documentation that is not reasonably necessary to assess the Members application, i.e., that does not relate to the Members reasons for experiencing financial hardship, current financial circumstances, or future financial prospects. Less information and supporting material may be required where the Member only requires short term assistance.

When we require the Member to obtain documentation from a third party, we give the Member a reasonable amount of time to obtain that documentation.

Represented Members

Some Members may be represented by a Financial Counsellor, other financial adviser, family member or carer, or other representative. We respect our Members right to be represented when making a financial hardship application to us.

Before we deal with a Members representative, the Member must complete our Privacy Act authority permitting us to release their personal information to the representative.

We will deal with the Members representative and not deal directly with the Member in relation to the hardship application, unless:

- the Member contacts us directly about the application;
- the Member advises us that they no longer wish to negotiate through the representative; or
- the representative does not respond to our communications within 14 business days.

While application is being considered

We encourage Members seeking financial assistance to continue making whatever payments they can while we are considering their financial hardship assistance application.

While we are considering an application, we:

- suspend any collections activity we have commenced;
- do not list the Member as being in default with a credit reference agency;

- do not commence enforcement proceedings against the Member; and
- in situations where legal proceedings have already been commenced, do not seek judgment against the Member.

Timeframe for assessing applications

We seek to deal with financial hardship assistance applications as quickly as possible. Once we have received all the information and documentation we require from the Member, we generally make a decision on whether to grant assistance within 7 business days.

Types of assistance considered

The types of financial hardship assistance Credit Union SA will consider in response to an application for assistance will depend on the applicant's particular financial circumstances, reasons for experiencing financial hardship, and future prospects.

Depending on those circumstances, the following types of assistance may be available:

- Reduced or no repayments for a period, where the Member is ahead in their repayments. The Member is allowed to use the "buffer" of the additional repayments previously made. No change to loan term.
- Reduced repayments for a period, followed by increased "catch up" repayments over a subsequent period. No change to loan term.
- A moratorium on repayments for a period, followed by increased "catch up" payments over a subsequent period. No change to loan term.
- Reduced repayments for a period, with reduced repayments' arrangement then made permanent following a review. Loan term extended.
- Immediate capitalisation of arrears, with repayments remaining the same. Loan term extended.
- Immediate capitalisation of arrears, with repayments also being reduced. Loan term extended.
- Debt consolidation, where Member has multiple loans with Credit Union SA.

Waiver of fees and charges.

Reduced repayments while Member undertakes voluntary sale of property. Arrears capitalised.

We may also consider other forms of assistance, suggested by the Member or raised by staff of Credit Union SA, that are consistent with the objective of the Member discharging their financial obligations to us.

How we approach applications for assistance

In assessing applications for financial hardship assistance, we genuinely and carefully consider all the information we have about the Members financial circumstances and why they say they are experiencing hardship. Where necessary, we seek further clarification and/or supporting documentation.

On the basis of the information available to us, we determine, first, whether the claimed hardship appears to be genuine; and, secondly, assuming this, whether the Member will be able to service their loan(s) with us if assistance is provided.

We do not provide assistance where to do so would merely delay inevitable foreclosure and/or enforcement action.

Assuming there is a basis for providing assistance, we seek to tailor the form of our assistance as far as possible to the Members circumstances and needs. We will consider any proposal for assistance put to us by the Member, but will also raise other options that may be appropriate, given the Members circumstances and needs.

We recognise that particular types of assistance may or may not be appropriate to particular Members, depending on why the Member is experiencing financial hardship, the nature and extent of their difficulties, and their future prospects.

Where the Members hardship is due to longer term issues, we will seek to develop a longer term solution with the Member.

We are careful about using short-term payment moratoriums as a form of assistance. While these may assist Members who are about to enter a defined period of reduced financial capacity, they are unlikely to help someone who has just come through such a period, or someone whose circumstances are unlikely to improve.

We take a realistic approach when determining proposed repayment arrangements, having regard to the Members income, reasonable household expenses, and other debts and repayment obligations. We will not propose or agree to arrangements that a committed and self-disciplined Member is unlikely to be able keep to, given their circumstances.

Before we finalise a financial hardship arrangement, we discuss the arrangement with the Member to ensure the Member understands its implications, and their obligations; and to ensure that the Member is prepared to enter into the arrangement.

Finalising and confirming arrangements

When a financial hardship assistance arrangement is agreed to with a Member, we notify the Member in writing of our decision to grant assistance. This notification summarises the agreed assistance in detail, including any new obligations of the Member.

The notice is generally sent to the Member within 7 business days. We generally require the Member to sign an acknowledgement of the arrangement and return this to us.

In a situation where a Members contract is regulated under the National Credit Code, we ensure that the following requirements of the Code are complied with:

- within 21 days of our receiving the Members application, the Member is sent a written notice that we agree to the proposed change, assuming this to be the case;
- within 30 days of our entering into the new agreement with the Member, the Member is sent a further written notice setting out the particulars of the agreed change to the terms of their contract and updated terms and conditions. A similar notice is sent to any guarantor under a guarantee related to the contract.

We may also contact the Member to discuss the arrangement, and confirm their understanding of it.

Having entered into a financial assistance arrangement with a Member, we ensure that all further correspondence, including collections-related correspondence, is consistent with the agreed arrangement.

We maintain records of all hardship assistance arrangements entered into with Members for at least 7 years.

Refusing an application for assistance

If an application for financial hardship assistance is refused, we notify the Member in writing of our decision. The notification includes an explanation of why we have not been able to provide assistance. It also advises the Member that Credit Union SA is a member of the Australian Financial Complaints Authority and that, if the Member is not satisfied with our decision, they may lodge a Dispute with the scheme.

The notice is generally sent to the Member within 7 business days.

In a situation where a Members contract is regulated under the National Credit Code, we ensure, consistently with the Code, that the Member is sent a written notice stating that we do not agree to the proposed change, and providing the information about the Australian Financial Complaints Authority, within 21 days

of our having received the Members application.

Where we reject an application for assistance, we will generally also contact the Member to discuss our decision and the next steps the Member might consider, including possible voluntary surrender of security property (where applicable). We may also refer the Member to a Financial Counselling service to consider this and other options and the Members financial situation generally.

Where early access to superannuation may offer the Member a long term solution to their difficulties, we may also suggest that the Member obtain independent advice about early access to superannuation. However, we do not recommend, or express a view about, early access to superannuation as an option for the Member.

Once the Member has been advised of our decision, and other possible options have been exhausted, we will generally commence or resume collections activity and/or commence legal proceedings (assuming the Member is currently in default).

Reviewing arrangements

If we agree to put a financial hardship arrangement in place for a particular period, we will not seek to renew or revise the arrangement during the agreed period, as long as the Member adheres to the arrangement.

Generally we allow an arrangement to remain in place for at least 6 months before reviewing it, subject to the Member continuing to comply with the arrangement.

Any review of an existing arrangement is based on a careful consideration of the Members financial circumstances and future prospects at the time the review is undertaken.

How Members find out about financial hardship assistance

Information about Credit Union SA approach to financial hardship assistance is available to all our Members, not just Members in default.

This policy is available on our website, at our branches or can be posted out on request.

Who to Contact

You can make enquiries at any of our branches or by contacting our Member Service Centre on 08 8202 7777. Financial hardship assistance enquiries will be referred to our Credit Control Department for assessment.



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