



# Broker Lending Guidelines

## Introduction to Illawarra Credit Union

The information provided in this document is a guide only and is not a complete summary of Illawarra Credit Union's lending policy and is subject to change at any time. For more information, please visit [illawarracu.com.au/broker-hub](http://illawarracu.com.au/broker-hub)

# Introducing Illawarra Credit Union

Experience the mutual difference. Make the move.

## History

Partnership with a Customer-Owned Credit Union in the Local Community since 1972, serving customers Australia wide with a strong customer base across Sydney and Illawarra Region.

## Vision

To build strong communities through exceptional financial service.

## Customer-Centric

We reinvest our profits into our products and services to support customers in achieving financial success.

## Personalised service

Personalised Service supported by our Customer Service Charter and Online Member Services team.

## Complete product suite

Comprehensive product range that provides great value. Plus a dedicated landing page for One Big Switch with exclusive offers and easy online applications.

## Award-winning + technology updates

Recently awarded personal loan and credit card products, paired with the latest technology including all the Pays solutions, Osko, PayID and mobile banking.



# The mutual difference

To create a stronger Credit Union that attracts and retains our customers, by providing competitive products and services.

## Our tradition...

**1972** 'Southern Mutual CU' and 'Collieries Employees CU' amalgamate.

**1972** Founded 'The Illawarra Credit Union Limited'

**1976** Merged with 'Norwarra CU'

**2003** Merged with 'Unicom Credit Union' to form 'Community Alliance Credit Union'.

**2006** Merged with 'Shoalhaven Paper Mill Employees CU'.

**2006** Merged with 'Western City CU'.

**2011** Unicom Credit Union rebranded to 'Catalyst Money'.

**2018** Trading as 'Illawarra CU' and 'Catalyst Money' as a division of 'Community Alliance Credit Union'.

## ...enables your future...

We offer a different kind of banking - one that puts our members first.

Personal service, fair fees and community respect makes us different.

We're committed to providing our members with great service, quality products, competitive interest rates for borrowing and saving, and a range of banking services that support changing needs.

In essence, we help to make the most of your money, your way

## ...through the principles of mutuality.

When you become a member, you are embraced by the principles of mutuality.

These principles give members a voice, which defines our banking.

We're owned by our members, and our profits are continuously reinvested into better products and services for our members.

Our commitments extends to building Financial Wellness and providing members with access to a free online solution to manage finances.

# Personalised Service

We are committed to providing consistently high quality service to our customers, embedded by our Customer Service Charter

**Our Customer Service Charter:** We are committed to providing consistently high quality service to our customers  
**our purpose:** To understand what “financial success” means for each of our customers and help them achieve it.  
**our vision:** To build strong communities through exceptional financial service.

## Our Promise

We find out what “financial success” means to you and we help you achieve it.

We’ll respect you and always support you through every stage of your life.

We welcome your feedback and are open to new ideas and suggestions.

You will remember us because we put our customers first and always act in your best interests.

### Who are our customers

- Our customers and their families
- Business partners
- The community and community partners
- Internal colleagues

### How you can help us:

- Provide us with comments, suggestions and view on any aspect of our service
- Let us know if we don’t deliver on our promise
- Inform us if you are not sure of your rights and responsibilities

## Our Customer Service Principles

### Accountability: I am responsible to get the basics right.

- Our people will be accountable in their dealings with you.
- We will provide accurate and up to date information, when you need it.

### Innovation: We celebrate new ideas and continuous improvement.

- We will continue to invest in product, services and solutions to enhance the customer experience.

### Curiosity: If I don’t know why, then I need to find out.

- We will get to know you so we can find the right products and services for our customers.
- We will always question how we have done things in the past and look at way to improve.

### Service: “Service” is why I come to work.

- We aim to provide consistent and clear information across our communication channels
- We will give you access to your personal information if you request it.
- We aim to respond to phone enquiries and emails within one working day - and mail correspondence within 10 working days.
- We are open and transparent about our processes.

### team work: We are a team. I think about the actions I can take to ensure the team is successful.

- Our teams will come together to find the right solution for our collective customer base.
- Our staff will disclose conflicts of interest

### Being our best: We bring the best version of ourselves each time we interact with customers and colleagues.

- Our business dealings with you will be conducted with integrity and honesty
- Our people will focus on helping you find solutions to your financial needs
- Every customer is treated equally

# Broker Channel

Brokers are a key component of Illawarra Credit Union's strategy.

Loans available through our broker channel include:

- Home and investment loans (regulated loans only).
- Secured by properties zoned – residential and/or rural-residential.
- Full banking facilities including offset on majority of loans.
- Free redraw.
- Discounted loan packages.

# Broker Obligations

## Duty of Disclosure

Before a loan is submitted, information that must be disclosed to Illawarra Credit Union includes:

- Poor conduct on borrowers' loans.
- Borrowers application previously referred to or declined by another lender/LMI provider.
- Outstanding statutory obligations (e.g. unpaid council rates or body corporate levies, taxes).
- Adverse credit report or credit history of a borrower.
- Liabilities not disclosed by the borrower in the application.
- If the borrower is not a citizen or permanent resident of Australia.
- Advantageous purchases.
- Borrower is employed by family members.
- Any other non-compliance with the terms of the Broker Credit policy.

Also advise Illawarra Credit Union if not engaging with the borrower face to face as this will be taken into consideration when assessing the application.

# Broker Obligations

## **Related party transactions**

Full disclosure of any personal or employment relationship between any parties to the transaction, including but not limited to:

- Borrower
- Broker/introducer
- Vendor
- Legal representatives
- Vendors agent
- Valuers

# Loan Eligibility

## Acceptable

- Live and work in Australia.
- Permanent resident of Australia.
- Loans which are regulated under NCC (consumer lending).
- Purposes such as refinances, construction, bridging, and guarantor loans.

## Non-Preferred

- Adverse credit history or borrowers with arrears.

## Unacceptable

- Bankrupts including Part IX arrangements.
- Loans to legal entities such as companies and trust.



# Loan Amount and Term

## Loan amount

Borrower	Minimum Loan	Maximum Loan <sup>^</sup>	Loan Term*
Borrowers	\$150,000	\$5 million	30 years

<sup>^</sup> The maximum loan amount is restricted to an individual borrower or groups of related borrowers.

\*The maximum repayment term is 30 years, however a shorter loan term may apply where the borrower is nearing retirement age.

# Employment and Income

## Acceptable

- Permanent full time – minimum 3 months in role.
- Permanent part time – minimum 3 months in role.
- Self employed – minimum 2 years in business.
- Casual employment/second job – minimum 12 months in role.
- Contract employment – minimum 12 months in role.
- Probation period needs to have been completed.

## Unacceptable

- Board income.
- Cash income.
- Projected/management account income.
- Overseas income.
- Seasonal income (i.e. a non-permanent job).

# Income Inclusion Rates

Type of Income	Inclusion Rate
<b>PAYG</b> – 1 most recent computer generated pay slip showing minimum 6 weeks YTD.	100% (net)
<b>Overtime and Penalties</b> – reflected on payslip & supported by PAYG summary or NOA and based on length of time and regularity.	80% - 100% (net)
<b>Commissions</b> – reflected on payslip and supported by PAYG summary or NOA.	80% (net)
<b>Bonuses</b> – supported by PAYG summary, bonus letter or NOA.	50% - 80% (net)
<b>Shift Allowances</b> – reflected on payslip and supported by PAYG summary or NOA.	80% - 100% (net)
<b>Second Job</b> – 1 most recent computer generated payslip (in position 12mths or greater).	100% (net)
<b>Rental Income</b> – supported by most recent rental statement or lease & bank statements.	80% (gross)
<b>Superannuation Income</b> – supported by superannuation benefit advice and bank statements.	100% (net)
<b>Government Payments</b> – payable for 5 years.	100% (gross)
<b>Investment</b> – last 2 years tax returns, bank statements and NOAs	100% (net)
<b>Self Employed Income</b> – financials, current 2 years tax returns (personal), NOAs and most recent BAS may be required.	100% (net)

# Serviceability and Assessment

- Affordability based on a maximum net servicing ratio of 100% and a debt to income ratio  $\leq 6.5$
- All mortgage loans (including with other lenders) are to be assessed at a buffer of 2.50%p.a., a minimum floor rate of 4.75% owner occupied loans or 5.00% investment loans will be applied, over the remaining contracted term. Higher floor rate of 5.75% applies for LMI loans.
- Illawarra Credit Union will use the greater of the declared living expenses. Expenses or HEM are assessed based on total income, location and family situation.
- Borrowers approaching retirement age will be required to provide a satisfactory exit strategy.
- All other non-mortgage debts will be calculated using either the contractual repayment or for approved credit limits repayments calculated over a 3yr P&I term at the maximum rate of interest under the credit contract.

# Product Features – Home and Investment Loans

Product	Bare Essentials		Standard		The Works Package	
	Variable	Fixed	Variable	Fixed	Variable	Fixed
Description	Perfect for customers who want a simple, no frills low that you can manage online.		Our standard home loan is a perfect for customers who'd like a little more flexibility with their home loan.		The Works Package, is just that. The Works! It's perfect for those who'd like additional benefits in an easy to manage package.	
Term	Up to 30 years		Up to 30 years		Up to 30 years	
Fixed Rate Term	N/A	1,2,3 & 5 years	N/A	1,2,3 & 5 years	N/A	1,2,3 & 5 years
Interest Options	P&I or Interest only		P&I or Interest only		P&I or Interest only	
Offset	x		✓	x	✓	x
Redraw	✓ with fee for staff assistance (\$50)	x	✓ no fee		✓ no fee	x
Repayment Methods	Everyday Transaction Account		Cash, Cheque, Transfer, EFT.	Cash, Cheque, Transfer, EFT.	Everyday Transaction Account / Offset account	Everyday Transaction Account
Repayment Frequency	W,F,M	M	W,F,M	M	W,F,M	M
Early loan payout	Early loan payout fee N/A	Penalty applies during the fixed term	Early loan payout fee N/A	Penalty applies during the fixed term	Early loan payout fee N/A	Penalty applies during the fixed term
Early Repayment fee	Early repayment fee N/A	Amounts over 15% of you minimum monthly contractual repayment	Early repayment fee N/A	Amounts over 15% of you minimum monthly contractual repayment	Early repayment fee N/A	Amounts over 15% of you minimum monthly contractual repayment
Upfront Fees	App fee of \$600 waived		App fee of \$600 waived		App fee of \$600	
	\$242 Valuation fee		\$242 Valuation fee		\$242 Valuation fee	
	\$440 Legal fees		\$440 Legal fees		\$440 Legal fees	
Ongoing Fees	\$0		\$0		\$395 - capped at 5 loan accounts	
Top Up Facility	✓	✓	✓	✓	✓	✓
Product Switch Fee (excl refix)	\$300	\$300	\$300	\$300	\$300	\$300
Product refix	\$0	\$0	\$0	\$0	\$0	\$0
Top Up Application Fee	\$300	\$300	\$300	\$300	\$300	\$300
LVR	Up to 80% without LMI		Up to 80% without LMI		Up to 80% without LMI	
	Up to 95% with LMI		Up to 95% with LMI		Up to 95% with LMI	
Insurance premium discount	20% discount year 1 home & contents insurance only		20% discount year 1 home & contents insurance only		20% discount year 1 home & contents insurance only	
Credit Card Annual fee	\$50		\$50		waived on one eligible card per package	

# Setting up the loan – our fees

## **Our fees are as follows:**

- Establishment - \$600
- Valuation - \$242
- Package - \$395 annual fee.
- Rate Lock - \$375
- Top Up - \$150
- Additional Security - \$150

Exclusive offers will be made available from time to time.

# Acceptable Securities

Property Type	Requirements
House, villa, townhouse, unit, duplex or vacant land (Zoned residential)	<ul style="list-style-type: none"><li>• Readily saleable with no adverse features.</li><li>• At least 50m<sup>2</sup> in living area (excl balconies and car space)</li><li>• For good quality properties located in desirable and high demand capital city metropolitan location the minimum living area is 50m<sup>2</sup>.</li><li>• In good condition and well presented.</li><li>• Must have direct vehicular access.</li><li>• Special conditions apply to high density apartments.</li></ul>
House or vacant land (Zoned rural-residential)	<ul style="list-style-type: none"><li>• Readily saleable with no adverse features.</li><li>• Land size must be less than 10 hectares (~25 acers).</li><li>• Must not be income producing.</li><li>• Connected to town water and power.</li><li>• In good condition and well presented.</li><li>• Must have direct vehicular access.</li></ul>

# Property Location Guidelines

Property location guidelines are based on QBE acceptable postcode locations:

Category	Area/Location	Additional Information
1	Metropolitan – all states and territories	As per QBE acceptable postcode locations
2	Regional locations in all states and territories	As per QBE acceptable postcode locations
3	National	All other postcode locations that do not fall under category 1 and 2
4	High Density Properties	Non-preferred
	All other category 2 and 3 postcodes	Where the security property is isolated or located 10km outside of the township.

- Details of acceptable postcode lists are provided here [qbe.com/lmi/lenders/tools/location-wizard](https://qbe.com/lmi/lenders/tools/location-wizard)
- Category 3 and 4 postcodes are non-preferred and will be assessed on application to Illawarra Credit Union.



# Loan to Valuation Requirements

- A valuation will be completed by a registered or licenced valuer on Illawarra Credit Union's panel.
- If the loan is to purchase a property, LVR is based on the lower of the valuation or purchase price.
- LVR limits are based on the loan amount inclusive of any fees and/or LMI premiums.
- The LMI premium can be capitalised provided the maximum LVR is not exceeded.

## General LVR Limits

Category	LVR no LMI*	LVR with LMI*
Residential house/unit	80%	95%
Residential Vacant land	80%	95%
Rural Residential/Lifestyle	70%	90%

\* Other factors and property types may impact on the maximum LVR accepted, for loans requiring Lenders Mortgage Insurance refer to the latest QBE LMI Guide or call Illawarra Credit Union to discuss.

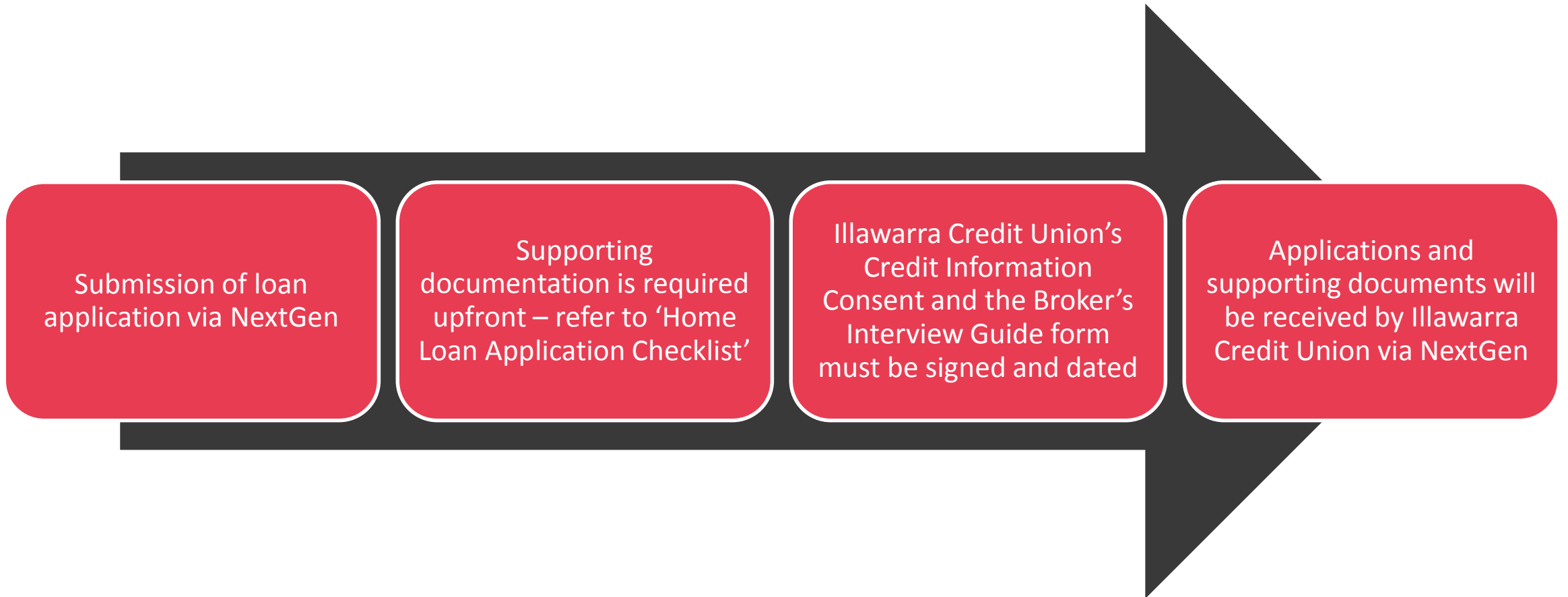
# Large loans

## Large loans

Loan amount	Principal & Interest	LMI*
\$1 million to \$2 million*	80%	90%
\$2 million plus	70%	N/A

\*Loans amount greater than \$2 million will be reviewed for strong applicants.

# Submitting a Loan – NextGen Portal



# Verification Requirements

## Broker to Complete

- Verify information in loan application prior to submitting the application.
- Original supporting documentation provided must be sighted, with a copy of these documents retained on the loan application file.
- Completion of VOI – ZipID or AusPost.
- Where minimum verification documents cannot be met, Illawarra Credit Union must be notified.
- The broker must satisfy itself as the veracity of the borrower's stated income, with the income documentation supplied complying with policy requirements.
- The broker must ensure product recommended is "not unsuitable" in terms of responsible lending requirements.

## Illawarra Credit Union to Complete

- A review of bank statements will be conducted by Illawarra Credit Union to validate information disclosed and where discrepancies are identified, further information from the borrower will be obtained.
- Employment verification will be carried out by Illawarra Credit Union staff.
- Illawarra Credit Union shall perform a credit reference check with credit bureau on all borrowers who apply for credit regardless of amount or loan product.
- Open Illawarra Credit Union account.
- Discuss general insurance needs.

# Decisioning – what to expect

## Application

- An Illawarra Credit Union staff member will be in touch to confirm receipt of the loan application with 2 business hours via NextGen.
- Illawarra Credit Union will order a valuation for the property offered as security.

## Approval

- Illawarra Credit Union aims to provide conditional approval within 48 hours of receiving the application and all required documentation as per the Home Loan Application Checklist.
- An Illawarra Credit Union staff member to contact customer to set up transaction accounts and other services.

## Contracts

- Upon unconditional approval being provided, loan offer documentation will be produced our solicitors instructed with an aim provide all documentation to the borrower(s) within 48 hours, via DocuSign or mail. The borrower is required to accept the loan offer by executing the loan contracts within 14 days.

## Funding

- Once the approved loan contract and security documentation have been accepted and executed and the documentation has been certified by Illawarra Credit Union's solicitor, the funds will be disbursed at the time of settlement for purchase or refinance.

# Post Settlement – what to expect

## Settlement

- Settlement advice will be provided prior to COB on the day of settlement.

## Onboarding

- Membership onboarding will be completed by our Member Services Team.

# Broker Accreditation Process

## How to sign up for Illawarra Credit Union's broker panel

1. Complete the Broker Accreditation Form and send it to your aggregator for sign off.
2. Submit signed form along with a copy of photo ID to [brokers@cu.com.au](mailto:brokers@cu.com.au)
3. Complete broker training on Illawarra Credit Union website.

Your broker accreditation request will be processed within 48 hours.

On acceptance we will issue your broker identification number.

# Illawarra Credit Union contact

**Monique Reynolds**  
General Manager  
Illawarra Credit Union

**Phone:** 0413 050 502

**Email:** [mreynolds@cu.com.au](mailto:mreynolds@cu.com.au)