

Assess a Request under Hardship

DATE EFFECTIVE: 9 November 2016

1. Purpose

This procedure establishes guidelines for receiving and assessing a request for concessions under hardship provisions. It is applicable to Country Banking Australia for loans and deposits.

It also applies to requests for assistance by clients affected by an emergency event or a natural disaster who are in financial difficulty, unless Country Banking Executive issues special guidelines to offer support measures to clients eligible for assistance at the time and relative to the event.

1.1 Conditions

All requests for concession due to hardship are subject to the following business rules:

- Concessions requested for Unregulated Loans may be approved in accordance with *Branch Delegations* policy
- Concessions for Regulated Loans can only be approved by Group Executive Country Banking
- Where concessions require a variation to the loan contract, a credit submission is required.

2. Task List

Task	Resp
Receive Request from Client	Branch
Deposits	Branch
Assess Request	Branch
Prepare Submission	Branch
Assess Submission	Credit
Complete Documentation and Advise Client	Branch
Process Change	Operations

3. Receive Request from Client

Branch staff use this task to appraise a request for a concession.

Note:

- Any requests received by CSU **must** be directed to the relevant Account Manager
- **For Regulated Loans**, the Subject Matter Expert (SME) must manage the client.

At all times, staff must maintain their duty of confidentiality in relation to all information the bank has about the client and any financial difficulty they may be experiencing,

Step	Action	
1	Determine whether the client is eligible to lodge a hardship request.	
	For	Then
	Deposits	<ul style="list-style-type: none"> ■ Go to Task 4: Deposits
	Regulated Loans	<ul style="list-style-type: none"> ■ Go to step 2
	All other cases	<ul style="list-style-type: none"> ■ Go to step 3.
2	Regulated Loans:	
	If the Regulated Loan was entered into	Then
	Before 1 March 2013	<ul style="list-style-type: none"> ■ The credit limit can not be more than \$500,000 for a hardship request to be lodged under the Regulated Loan procedure ■ If the credit limit is above this amount, deal with the loan as if it were not a Regulated Loan ■ If the credit limit meets this requirement, go to step 3
	From 1 March 2013 onwards	<ul style="list-style-type: none"> ■ A hardship request may be lodged for all loans regardless of amount ■ Go to step 3.
3	<p>If the request is received by telephone note the following details in CMS+ Client Notes:</p> <ul style="list-style-type: none"> ■ Client who made initial contact ■ Details of concession requested. <p>There are no limits to the form of hardship variation that a client can request.</p>	
4	If it is unclear whether the customer is applying for hardship assistance, contact the client to confirm whether they are applying for a Hardship Arrangement.	
5	<p>Complete a Client Incident Form noting all details and Account Manager/SME recommendation. Select 'Hardship Request' as the Incident Type. Assign the incident to an 'Authoriser' as per Branch Delegations.</p> <p>For a Regulated Loan, any requests under hardship can only be assigned to an SME.</p>	
6	<p>Confirm the written or verbal request in writing as soon as notification received using the relevant <i>Letter of Acknowledgement</i>.</p> <p>For a Regulated Loan, this must be done as soon as the request is received but no later than 21 days from contact date.</p>	
7	<p>If further information or supporting documentation is needed request this information using the <i>Request for Hardship – More Information</i> letter.</p> <p>Information requested must only be relevant to the bank deciding:</p> <ul style="list-style-type: none"> ■ Whether the client is or will be unable to meet their obligations under the contract under a Hardship Arrangement; or ■ How to change the credit contract. <p>Examples of information required may include:</p> <ul style="list-style-type: none"> ■ Statement of Financial Position ■ Evidence of employment/income/medical circumstances ■ Other evidence (e.g. separation statement, contract for sale, or consent from joint borrower). 	
8	If the borrower is a Joint Borrower , consent from all the borrowers should be obtained in regard to what Hardship Arrangement is being sought.	

9	If the client has requested that the bank deal with a financial counsellor instead of the client in relation to their facility, the bank will agree to do so provided the client has authorised the Financial Counsellor to act on the client's behalf via the signed <i>Financial Counsellor Authorisation</i> form.
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4. Deposits

The branch uses this task to appraise a request for a concession to a deposit.

Step	Action
1	If a hardship request is received, request the client to complete a <i>Deposit Break Request</i> form.
2	Complete a Client Incident Form noting all details and Account Manager/BDR recommendation. Select 'Hardship Request' as the Incident Type. Assign the incident to Rural Executive.
3	If further information or supporting documentation is needed request this information using the <i>Request for Hardship – More Information</i> letter. Examples of information required may include: <ul style="list-style-type: none"> ■ Statement of financial position ■ Evidence of employment/income/medical circumstances ■ Other evidence (e.g. separation statement, contract for sale, or consent from joint borrower).

5. Assess Request

Branch staff / Rural Executive staff (deposits only) use this task to assess whether the request for hardship can be accommodated.

Step	Action
1	The nominated Authoriser receives the assigned incident and reviews the client's request for concession. <ul style="list-style-type: none"> ■ For a Regulated Loan the issue must be assigned to an SME. ■ For a deposit, Rural Executive will review the <i>Deposit Break Request</i> form and Client Incident Form.
2	Identify the hardship assistance sought. Is the borrower's request a change to the terms of the contract, such as: <ul style="list-style-type: none"> ■ To extend the term and reduce the amount of each payment due (without a change to the annual percentage rate)? ■ Postponing, during a specified period, the dates on which payments are due under the loan contract (without a change to the annual percentage rate)? ■ Extending the term and postponing, during a specified period, the dates on which payments are due under the loan contract (without a change to the annual percentage rate)?

3	<p>Other possible Hardship Arrangements sought may include:</p> <ul style="list-style-type: none"> ■ Deferral of scheduled loan payments ■ Restructuring and consolidating loans ■ Changing limits on lines of credit ■ Waiving certain fees and charges ■ Waiving of break costs on early redemption of Rabobank Australia Limited or RaboDirect issued deposits ■ Freezing loans in exceptional circumstances, such as after an emergency event or natural disaster ■ Providing a moratorium on collections action ■ Waiving of fees on loan increases necessary to assist in rebuilding operations after an emergency event or natural disaster ■ Waiving of fees for equipment finance contract variations.
4	<p>Assess eligibility for hardship assistance considering the following.</p> <p>Is the borrower or depositor:</p> <ul style="list-style-type: none"> ■ Reasonably unable, because of illness, unemployment or other reasonable cause, to meet their obligations under the loan? ■ Reasonably expected to be able to discharge the varied obligations if the terms of the contract are changed on the requested terms? 'Reasonable expectation' will take into account matters such as credit history, source of income, assets and liabilities. ■ Reasonably expected to rehabilitate their circumstances if a Hardship Arrangement was entered into?
5	<p>Assess the application for relief or assistance by referring to:</p> <ul style="list-style-type: none"> ■ The reason the borrower or depositor is seeking the assistance ■ The borrower's ability to service the loan under the Hardship Arrangement and in the long term ■ Whether the client has received hardship assistance in the past and if it improved their circumstances ■ The client's financial position and whether they are able to service the facility (e.g. if repayments would leave the client with insufficient money for essential items). If improvement is not likely then a Hardship Arrangement may not be helpful ■ Ensure there is a need for assistance and the assistance provided will not merely delay an outcome that is, in fact, inevitable. <p>The bank does not have to agree to provide a Hardship Arrangement if it is of the view that there is no reasonable cause for the client's inability to meet their obligations.</p>
6	<p>A request to change the terms of the contract for hardship must be declined if the bank assesses that, as a result of a change to the contract terms as requested, the borrower:</p> <ul style="list-style-type: none"> ■ Would be unable to meet the repayment terms of the loan contract; and/or ■ Would be unable to meet their credit obligations in the long term.
7	<p>If the NCC applies to the facility, all collections activity or recovery action must cease if a Hardship Arrangement is being actively considered.</p>
8	<p>Deposits: Rural Executive will update the Client Incident Form with details of proposed actions.</p> <p>Save and close the Client Incident Form and re-assign to Client Services.</p>

6. Prepare Submission

Account Manager/SME follow this task to submit any concession to Credit for approval prior to issuing any contractual documents (LOO).

Note: Not required in respect of a deposit.

Step	Action	
1	If	Then
	The approved concession involves a change to the loan structure (e.g. CPRs, extension of term, interest payment cycle)	Launch a credit submission via Workflow as per relevant procedure: <ul style="list-style-type: none"> ■ Complete a Variation to a settled Loan, or ■ Regulated Loans: Complete a Variation to a Pre-NCC Loan or a Regulated Loan ■ If the loan term is extended, instruct Panel Solicitors to complete a review of securities, etc. ■ Note: Evidence of Client Incident Form approval must be attached to any subsequent work request submitted to Credit to vary the terms of the contract.
	The approved concession does not involve a change to the loan structure	Submit a Request to Operations for processing changes on the transaction processing system.

7. Assess Submission

Credit staff follow standard procedures for assessing any loan variations as a result of hardship.

Step	Action
1	Receive the work request and assess as per the relevant Credit policy/procedure. Also refer to the following Country Banking procedures in need: <ul style="list-style-type: none"> ■ Complete a Variation to a Settled Loan ■ Regulated Loans: Complete a Variation to a Pre-NCC Loan or a Regulated Loan.

8. Complete Documentation and Advise Client

Account Manager/SME notifies the client of the bank's decision in relation to the request for concession.

Step	Action	Resp
1	Review the work request for confirmation of the bank's decision.	Account Mgr/SME
2	Prepare the appropriate client letter: <ul style="list-style-type: none"> ■ If the hardship request is approved use the <i>Request for Hardship – Approval Letter</i> ■ If the hardship request is declined use the <i>Request for Hardship – Declined Letter</i> ■ Forward the letter to Group Legal for approval ■ Forward the letter to the client. <p>Regulated Loans: The letter must be issued within 21 days of date of the request or 21 days after the date any further information was requested.</p>	Account Mgr/SME

3	<p>If approved, discuss with the client the new arrangement and what is required of the client. The main details might cover:</p> <ul style="list-style-type: none"> ■ The amount of any outstanding debt ■ Key aspects of the Hardship Arrangement ■ Whether interest is affected and if so, how interest (existing and accrued) will be managed ■ The duration of the Hardship Arrangement ■ Whether, and at what point, the Hardship Arrangement will be reviewed ■ The client's obligations under the Hardship Arrangement. 	Account Mgr/SME
4	If declined, any collections activity put on hold while the hardship application was being assessed can be reactivated.	Account Mgr/SME
5	Issue a new LOO for client acceptance. Regulated Loans: Issue a Regulated LOV within 30 days of agreement being reached with the client . Refer to <i>Complete a Variation to a Pre-NCC or Regulated Loan</i> procedure for details of rules relating to issuing a Regulated LOV.	Account Mgr/SME
6	Record details of any client conversation and scan any correspondence into CMS+ Client Notes.	Branch
7	Deposits: Update the Client Incident Form with the details of the decision made.	Rural Exec
8	Deposits: Advise the client of the bank's decision.	Branch / CSU

9. Process Change

Operations staff use this task to process required changes.

Step	Action
1	Receive the Credit approved work request or Request To Operations and process as per standard procedure.

10. Supplementary Information

10.1 Related Documents

Policy/Procedure	Form
Policy on Hardship and Exceptional Circumstances	Verbal Request for Hardship – Acknowledgement Letter
Branch Delegations	Written Request for Hardship – Acknowledgement Letter
Complete a Variation to a Settled Loan Facility	Request for Hardship - More Information
Variation to a Pre NCC Loan or a Regulated Loan	Request for Hardship - Declined Letter
Facility Maintenance	Request for Hardship – Approval Letter
	Financial Counsellor Authorisation Form
	Deposit Break Request Form
	Client Incident Form

10.2 Definitions / Glossary of Terms

Term	Definition
Hardship	The borrower must reasonably be willing but unable, due to illness, unemployment or other reasonable cause, to meet their obligations under the current contract terms, and with formal hardship assistance, their financial situation can be restored.
Hardship Arrangement	The arrangement agreed by the bank to put in place in the short time between when a client's circumstances change and when they can start repaying their debt to the bank in full. Such arrangement may include a change to the contract (such as extending the term or postponing the date scheduled principal repayments are required, or a change to pricing).
LOO	Letter of Offer
Pre-NCC Loan	Loans entered into before 1 July 2010 to individuals (including partnerships and trustees) or strata corporations for the purpose of residential property investment.
Regulated Loan	A loan to an individual or strata corporation where 50% or more of the amount borrowed is to be used: <ul style="list-style-type: none"> ■ To purchase, renovate, or improve* residential property for investment purposes; or ■ To refinance credit that has been provided wholly or predominantly to purchase, renovate, or improve* residential property for investment purposes, or ■ For personal, domestic or household purposes. ■ *Improve includes to construct
Unregulated Loan	A loan to a company, or an individual (including partnerships and trustees) or strata corporation where more than 50% of the loan proceeds will be used for business or investment purposes (other than investment in residential property).
SME	Subject Matter Expert who is trained to manage Regulated Loans.

10.3 Document Management

Owner:	Group Executive Country Banking AU	Author:	Legal Counsel, Group Legal
Authoriser:	Executive Manager, Country Banking AU	Next Review Date:	30 November 2018