



FINANCIAL HARDSHIP POLICY

DEFINITION:

“A DEBTORS REASONABLE INABILITY TO MEET CONTRACTUAL OBLIGATIONS DUE TO ILLNESS, INJURY, LOSS OF EMPLOYMENT OR OTHER REASONABLE CAUSES”

Financial hardship basically involves an inability of the Borrower to pay bills, rather than an unwillingness to do so. Hardship can arise from a variety of situations. Hardship can be either of limited duration or long term.

We aim to:

- To assist Borrowers who are experiencing financial hardship
- To provide relevant staff training
- To be sufficiently flexible to accommodate the individual circumstances of borrowers
- To include options for the management of a Borrower’s situation and respond to Borrower concerns promptly
- To assess the Borrower rather than the product(s)
- Free of charge service to participate in financial hardship program

Examples of Financial Hardship

- Loss of employment of the Borrower or family member
- Family breakdown
- Illness, including physical incapacity, hospitalisation, or mental illness of the Borrower or family member
- A death in the family
- Other factors resulting in unforeseen change in the Borrower’s capacity to meet their payment obligations, whether through a reduction in income or through an increase in non-discretionary expenditure.

Situations where a Borrower is simply experiencing temporary payment difficulties would not necessarily be addressed by this Guide. In these situations, the Code requires that ChangeFund must also have in place options and processes to assist those Borrowers not considered to be experiencing financial hardship (e.g. budgeting, pre-payment or payment deferral options).

Operator Call Handling Guide

We aim to:

Properly identify the Borrower is experiencing financial hardship:

We understand some Borrowers may feel uncomfortable discussing their financial problems. Therefore, we also employ strategies to assist in identifying vulnerable Borrowers.

Assessing Capacity to pay

When we are assessing capacity to pay, we take into account a Borrower's ability to maintain a minimum standard of living and we measure a Borrower's income against other financial commitments and basic living expenses.

Suspension of collection activity

Suspension of collection activity will be applied once it has been established the Borrower is experiencing financial hardship (supporting documents need to be submitted for this to occur)

Negotiate arrangement

- The Borrower is to acknowledge the debt and commitment to repayment under financial hardship assistance
- Suitable arrangement, whereby we reduce monthly payments (based on what Borrower can actually afford) or apply moratorium of 4 months.
- The Borrower must contact us if their financial situation changes within the assistance period
- Assistance will be reviewed every three months

Terminate arrangement

If the Borrower does not adhere to the payment arrangement and after sufficient effort is made to contact the Borrower, the financial hardship assistance repayment schedule can be terminated and normal collections activity to be resumed. Notice will be sent to the Borrower informing them of the termination of the agreement.

Monitor Borrower's compliance

Managers conduct reviews of all financial hardship accounts to ensure correct assessment of capacity to pay and Borrower compliance in repayments.

Borrower Assessment Forms

- [Financial Statement](#)

(copy of this forms is located on our website)