

**2<sup>nd</sup> April 2020**

## **ICFAL COVID-19 FAQs**

### **Q1. Financial Hardship due to COVID-19**

ICFAL already has in place very generous options available to our members who are in financial hardship.

Our financial hardship options are available to those who are experiencing financial hardship due to lost employment or income opportunities as a result of the Coronavirus pandemic or other unforeseen circumstances.

If you feel you are in financial hardship, please see our financial hardship guide online:

<https://icfal.com.au/wp-content/uploads/2019/02/2.3-ICFAL-Financial-hardship-brochure-8.2.2019.pdf>

If you would like to request for consideration for financial hardship or require more information, please contact our member services team: <https://icfal.com.au/contact/>

### **Q2. Is my investment safe at ICFAL given the potential economic impacts of COVID-19?**

We understand that there are concerns about the security of your funds in these uncertain times.

We can inform you that our funds are invested in the residential property market and the returns we receive are distributed to our members. The value of your fund is not directly impacted by fluctuations in the stock market or the prevailing interest rates, rather the negotiated rental and profit payments ICFAL receives from its finance holders.

During this time, the ICFAL team is continually monitoring the economic impacts of the coronavirus and will respond appropriately to any developments that may arise.

ICFAL's membership has been growing for the past 20 years and we currently have over \$40 million of funds under our management. We have taken further action to tighten our internal procedures to ensure our financial position will remain strong such as having more robust financial hardship approval and debt management processes that are strictly controlled through our ASIC license compliance.

**Q3. Will ICFAL rates fall in line with the Reserve Bank of Australia's (RBA) interest rates?**

ICFAL's Annual Percentage Rate has no relation to banking interest rates and is not tagged with RBA interest rates. Therefore, RBA interest change does not automatically lead to a change in the Annual Percentage Rate.

Our annual percentage rates are developed to attempt to follow real changes in the property market over a longer time frame. If appropriate, ICFAL may negotiate new growth rates with our members depending on the market conditions. At the time of this document, we are still monitoring what the coronavirus pandemic will mean to long term rental and property price growth rates. When this becomes clearer ICFAL will respond appropriately.

**Q4. Will ICFAL freeze finance payment due to the government declaration and banking industry practice?**

ICFAL's response to the economic impact of COVID-19 will cover what is appropriate for the ICFAL operating model, our social and community responsibilities and our compliance with relevant laws and regulations. ICFAL already has a generous and appropriate financial hardship policy that covers our current situation and which, we believe, has been above and beyond the traditional banking system (please see Q1). ICFAL will deal with all financial hardship applications on a case by case basis as the situation evolves. There are currently no plans to unconditionally place a blanket payment freeze to all finance holders.

ICFAL management is contacting appropriate government authorities to ensure that ICFAL is able to obtain any support that may be necessary in protecting the rights of its investing members as well as its financed members.