



**NATIONAL HOUSING FINANCE AND  
INVESTMENT CORPORATION  
CREDIT COMMITTEE CHARTER  
December 2018**

## **Purpose, Role and Functions**

This Charter governs the operations of the Credit Committee. It sets out the Committee's roles and responsibilities and its membership structure.

A key function of the National Housing Finance and Investment Corporation (NHFIC) is to provide finance to proponents eligible under the NHFIC's investment mandate. The Committee is an advisory committee that has been established to assist the NHFIC Board with the objective oversight and management of credit risk arising from this key function.

## **Membership**

The Credit Committee will consist of at least 3 members appointed by the Board. The Board will review and confirm membership of the Committee each year.

The Credit Committee may comprise of internal NHFIC staff and external members provided that:

- all members of the Committee are independent from the Board and
- the majority of Credit Committee members are not employees of the NHFIC (noting that a person engaged primarily for the purpose of being a member of the Credit Committee will not be treated as an employee of the NHFIC for this purpose).

All members of the Credit Committee must have appropriate qualifications, knowledge, skills and experience to assist the Credit Committee to perform its functions. The NHFIC Head of Credit (or until a Head of Credit is appointed, the Director of Credit within NHFIC) will chair the Credit Committee.

Members of the Credit Committee may resign on giving reasonable notice in writing to the Committee Chair. A Credit Committee member may be removed by notice in writing by the Board.

The secretary of the Committee shall be the Board Secretary or such other person as nominated by the Credit Committee Chair.

## **Participation of non-members**

NHFIC's Chief Executive Officer and such other members of the NHFIC's management team (including NHFIC origination staff and credit staff) may attend and present at Credit Committee meetings as the Credit Committee determines. Members of the NHFIC Board may also observe Credit Committee meetings from time to time. Non Credit Committee members will not be entitled to participate in any Credit Committee decisions or recommendations to the Board.

## **Meetings**

The Credit Committee will meet every month to discuss matters which require Committee endorsement. The Credit Committee Chair may call additional meetings as necessary to consider applications that require endorsement in between scheduled meetings. Where no applications are presented for consideration, a Credit Committee meeting may be cancelled.

Once the Credit Committee has settled into its duties/ responsibilities (and no later than 6 months after the first Credit Committee meeting), the Credit Committee Chair will arrange himself/ herself and two other Credit Committee members to attend Credit Committee meetings on a rotating basis, taking into account the skills of the personnel required for an upcoming meeting, the availability of Credit Committee members and the frequency of their meeting attendance.

A quorum consists of a majority of Credit Committee members. To achieve a quorum at least two Credit Committee members, who are external to the NHFIC, must be present at the meeting in person.

Attendance in person at Credit Committee meetings is encouraged. A Credit Committee member may attend a meeting via telephone or videoconference rather than in person if necessary, provided that the above quorum requirements have been met.

All attendees at NHFIC Credit Committee meetings must treat any deliberations, recommendations or decisions made by Committee members during those meetings as confidential. No attendee at a Credit Committee meeting may disclose the content of any Credit Committee meeting to third parties unless the Credit Committee Chair has given prior authorization for them to do so.

## Agenda and Minutes

The Chair of the Credit Committee will approve the agenda for the Committee's meetings, and any member may suggest items for consideration. Briefing materials will be provided to the Credit Committee as far in advance of meetings as practicable (and at least 2 Business Days in advance).

The NHFIC Board secretary or such other person nominated by the Chair will keep minutes of the Credit Committee meetings. The minutes, or relevant extracts from them, will be circulated to Credit Committee members and included in the papers for the next Board meeting held after the relevant Committee meeting.

## Duties and responsibilities

The duties and responsibilities of the Credit Committee include:

- (a) reviewing and making recommendations on the credit-worthiness of a NHFIC applicant, bearing in mind the credit risk appetite, any other lending parameters set by the NHFIC Board from time to time and the requirements of NHFIC's Investment Mandate
- (b) reviewing and making recommendations on the ability of the NHFIC applicant to service the NHFIC loan
- (c) reviewing and making recommendations on the quality of security available from a NHFIC applicant
- (d) in the case of Affordable Housing Bond Aggregator (AHBA) finance, have regard to (where appropriate) the complementarity of any private sector finance that may be available to the registered community housing provider
- (e) working with the credit assessment team to consider the impact that a particular finance application will have on the credit risk profile of the portfolio overall and the NHFIC's credit policy and credit risk appetite
- (f) provide feedback to the NHFIC credit assessment team on the operation of the NHFIC's credit risk management framework, credit exposure limits and/or credit policy manual
- (g) ensuring all recommendations and decisions made by the Committee have regard to the objectives and requirements of the *National Housing Finance and Investment Corporation Act 2018* (Cth) and the NHFIC's Investment Mandate,

*noting that the NHFIC credit assessment team is responsible for the following activities:*

- (a) assessing the credit-worthiness of a NHFIC applicant, their ability to service the loan and the quality of the security available and preparing an analysis for Credit Committee consideration
- (b) working with NHFIC loan originators to obtain relevant information from applicants to inform the credit team's assessments
- (c) in the case of finance under National Housing Infrastructure Facility (NHIF), reviewing and making recommendations to the Board on the extent of any concession that would be appropriate for the NHFIC to offer
- (d) assessing the impact that a particular finance application will have on the credit risk profile of the portfolio overall
- (e) monitoring the NHFIC's credit risk profile, including the quality and performance of credit portfolios, to ensure it aligns with the NHFIC's credit risk appetite and credit policy manual
- (f) from time to time, reviewing and making recommendations to the Board on any changes to the NHFIC's credit risk management framework, credit exposure limits and/or NHFIC's credit policy manual
- (g) providing input into the development, refinement and implementation of the NHFIC's Risk Appetite Statement and
- (h) monitoring material changes to the NHFIC's credit risk policy and the implementation of credit policies and standards.

## Authority

The Credit Committee has authority to:

- (a) investigate any matter brought to its attention, consistent with its duties and responsibilities;
- (b) have direct access to any employee or contractor of the NHFIC and seek any information that it requires from any employee or contractor of the NHFIC in order to discharge its responsibilities. The Credit Committee Chair will be responsible for coordinating any necessary input/ information from NHFIC employees/ contractors on behalf of the Credit Committee.
- (c) In respect of NHFIC finance applications:
  - i. endorse a recommendation made by the NHFIC credit assessment team for NHFIC Board approval
  - ii. defer any endorsement of a NHFIC credit assessment team recommendation pending the provision of further information from the credit assessment team
  - iii. decide not to endorse a recommendation made by the NHFIC credit assessment team.

Credit committee members are to reach consensus on whether or not to make recommendations to the Board. The Chair of the Credit Committee does not have a casting vote. All Credit Committee deliberations must be conducted in a respectful manner.

The Credit Committee has an advisory role to assist the Board. It does not have any power to commit the Board to any financing decision. The Board is responsible and accountable for all NHFIC finance decisions.

## Escalation process

Any concerns in relation to the conduct of the Credit Committee meetings, or any disputes between Credit Committee members themselves, should be raised with the Credit Committee Chair in the first instance. The Chair will then will determine whether it is appropriate in the circumstances to escalate the matter to the NHFIC Chief Executive Officer (CEO).

In circumstances where a concern relates to, or involves, the Credit Committee Chair, the relevant Credit Committee member may raise their concern with the CEO of the NHFIC directly.

In circumstances where the Credit Committee is unable to reach consensus, any such deadlock will be managed by the Chair and escalated by the Chair as necessary.

The Chair or the CEO (as applicable) will use their best endeavours to resolve the concern or dispute expeditiously by negotiation in good faith, including by convening an unscheduled Credit Committee meeting as necessary or desirable to address the concern/ resolve the dispute.

## Compliance with NHFIC Policies

Members of the Credit Committee must comply with any NHFIC's policies applicable to the performance of its functions, as required by the Board.

## Reporting

The Chair of the Credit Committee will provide a written and verbal report to NHFIC's Board following each Credit Committee meeting. In addition, the Credit Committee will provide:

- copies of its minutes, or relevant extracts from them, to the NHFIC Board;
- copies of the relevant credit papers prepared by the credit assessment team which contain the Credit Committee's recommendation; and
- such additional reporting as NHFIC's Board may require.

Copies of written reports provided by the Chair to the NHFIC Board will be circulated to Credit Committee members.

## **Review of the charter**

The Credit Committee will review its performance against this charter annually and will review the terms of this charter at least annually.

## **Conflicts of interest**

Annually, members of the Credit Committee will provide written declarations, through the Chair, to the NHFIC Board declaring any conflicts of interest they may have in relation to their responsibilities.

Credit Committee members must be alert to conflicts of interest on an ongoing basis for the duration of their tenure. Credit Committee members must confirm whether they have any actual, perceived or potential conflict of interest at the beginning of each Credit Committee meeting.