

# Target Market Determination (TMD)

## Home Loans

<b>Product</b>	<p>Fixed Rate Owner Occupied Home Loan</p> <ul style="list-style-type: none"> <li>1–5-year Fixed Rate Home Loan</li> </ul>
<b>Issuer</b>	Police Credit Union Ltd ABN 30 087 651 205   AFSL/Australian Credit Licence 238991
<b>Effective Date</b>	4 October 2021
<b>Last Review Date</b>	14 March 2024
<b>Target Market</b>	<p><b><i>Description of target market</i></b></p> <p>Customers looking to purchase, refinance, build or renovate a home which they will occupy and want the certainty of an interest rate fixed for a period of between one (1) to five (5) years.</p> <p>The loan is also available to borrowers who wish to use the equity in their property to apply for an additional loan for an approved purpose, for example, home improvements, purchase a car, or a registrable vehicle (e.g., caravan or boat).</p> <p><b><i>Key product attributes</i></b></p> <ul style="list-style-type: none"> <li>Fixed interest rate for a 1–5-year period,</li> <li>Minimum loan amount \$20,000,</li> <li>Principal and interest repayments,</li> <li>Choice of weekly, fortnightly, or monthly repayments, subject to maximum additional repayments of \$20,000 per annum,</li> <li>Maximum loan term 40 years,</li> <li>Minimum deposit of 5% for loans to purchase or build a home,</li> <li>Minimum 10% equity to refinance another home loan, and</li> <li>Redraw available.</li> </ul> <p><b><i>Fees payable</i></b></p> <ul style="list-style-type: none"> <li>Standard establishment fees and fees charged for specific events, for example Fixed Rate Break fee and Default fees.</li> <li>No ongoing monthly or annual fees.</li> </ul>

# Target Market Determination (TMD)

## Home Loans

### ***Description of likely objectives, financial situation and needs of consumers in the target market***

This product is designed for customers who have the following:

- **Likely objectives:** To obtain credit with a fixed rate of interest (giving the customer the security of knowing the set amount of their repayments during a 1–5-year loan term) which allows the customer to purchase, refinance or build a home which they will occupy.
- **Likely financial situation:** Meet Police Credit Union's eligibility requirements, have surplus income after meeting their existing financial commitments, are an Australian permanent resident, have an acceptable credit history and have a minimum 5% deposit or have a minimum 10% equity.
- **Likely needs:** Need funds to purchase, build or renovate a new home, have a home loan with another financial institution they would like to refinance.

### ***Consumers for whom the product is clearly unsuitable***

- Customers who do not have the minimum 5% deposit or 10% equity,
- Customers who are under the age of 18, are not an Australian permanent resident, or do not have an acceptable credit history,
- Customers seeking flexibility to make more than \$20,000 extra repayments per annum, without incurring a fee,
- Customers seeking additional features on their Residential Investment loan, for example Mortgage Offset account,
- Customers who do not meet lending criteria, and
- Customers who do not have any surplus income after meeting their existing financial commitments.

### ***Distribution conditions***

**Distribution Channels:** The Fixed Rate Home Loan is only distributed by Police Credit Union and is not available through any third-party distributors, including mortgage brokers.

The Fixed Rate Home Loan product is available to customers by:

- Applying online through [policecu.com.au](http://policecu.com.au),
- Calling the Contact Centre on 1300 131 844,
- Visiting any Police Credit Union branch, or
- Requesting a work site visit from a Relationship Manager/Branch Manager.

### **Distribution Conditions and Restrictions**

# Target Market Determination (TMD)

## Home Loans

**Process:** The Fixed Rate Owner Occupied Home Loan is only offered by Police Credit Union staff who have been accredited and trained to offer the product. Police Credit Union will make relevant enquiries about prospective customers to assess and review all applications for the product. This will ensure that only customers within the target market will acquire the product and that the product will meet the objectives, financial situation and needs of the customer.

Customers considering the Fixed Rate Home Loan must meet the lending criteria for the loan which includes:

- Employment and income criteria,
- Have access to the minimum deposit requirements,
- Ability to make minimum loan repayments with surplus income after taking into consideration all current debts and living expenses, and
- An acceptable credit file.

The Fixed Rate Owner Occupied Home Loan is actively promoted to customers through:

- Media campaigns which include but are not limited to statements, press, TV, website, digital, radio and social media channels, and
- Promotion by Police Credit Union staff and through advertising collateral available at Police Credit Union branches.

### Review Triggers

The review triggers that would reasonably suggest that the TMD is no longer appropriate and would trigger a review of the TMD by Police Credit Union are:

- A significant dealing of the product to consumers outside the target market occurs.
- Material changes to the product or the terms and conditions of the product such as changes to:
  - fees or rates of interest and/or the way in which these are incurred/earned.
  - other product attributes such as the ability to make extra repayments up to \$20,000 per year without penalty or redraw.
- Material change in law, relevant industry codes or regulatory guidance that impacts the product.
- An Australian Financial Complaints Authority (AFCA) determination, court decision or enforcement activity which suggests that the product does not meet the target market's objectives or needs.
- A material increase beyond expected levels in complaints, or a material change in the nature of complaints or disputes relating to the product.

# Target Market Determination (TMD)

## Home Loans

### Review Periods

- Any other event occurs, or information is received that reasonably suggests the target market is no longer appropriate such as:
  - High numbers beyond expected levels of account closures or consumers switching to other products and incurring break fees,
  - High rates of default beyond expected levels,
  - High hardship rates beyond expected levels, and
  - Change to eligibility criteria.

**Initial review date:** No later than 12 months from the date the first determination is made.

**Periodic reviews:** Every one year after the initial and each subsequent review.