

Target Market Determination (TMD)

Home Loans

Product	Fixed Rate Residential Investment Home Loan <ul style="list-style-type: none">1–5-year Fixed Rate Home Loan
Issuer	Police Credit Union Ltd ABN 30 087 651 205 AFSL/Australian Credit Licence 238991
Effective Date	4 October 2021
Last Review Date	14 March 2024
Target Market	<p><i>Description of target market</i></p> <p>Customers who are looking to purchase, refinance, renovate or build a residential investment property or borrow additional funds for investment purposes, and want the certainty of an interest rate fixed for a period of between one (1) to five (5) years.</p> <p><i>Key product attributes</i></p> <ul style="list-style-type: none">Fixed interest rate for a 1–5-year period,Minimum loan amount \$20,000,Choice of principal and interest or interest only repayments,Choice of weekly, fortnightly or monthly repayments, subject to maximum additional repayments of \$20,000 per annum permitted,Redraw available,Maximum loan term 40 years, andMinimum deposit or equity of 10% to purchase or build a new home or refinance another home loan. <p><i>Fees payable</i></p> <ul style="list-style-type: none">Standard establishment fees and fees charged for specific events for example Default fees and Top-up fees, andNo ongoing annual or monthly fees.

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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) with the option of choosing principal and interest or interest only repayments which allows the customer to purchase, refinance or build an investment property and access redraw funds as required.
- **Likely financial situation:** Meet Police Credit Union's lending criteria, have surplus income after meeting their existing financial commitments, are an Australian permanent resident, have an acceptable credit history, have a minimum 10% deposit or a minimum 10% equity.
- **Likely needs:** Needs funds to purchase, refinance or build a residential investment property, or borrow additional funds for any worthwhile investment purpose.

Consumers for whom the product is clearly unsuitable:

- Customers who do not have the minimum 10% deposit/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 (e.g., 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 Residential Investment Home Loan is only distributed by Police Credit Union and is not available through any third-party distributors, including mortgage brokers.

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

- Applying online through 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

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Process: The Fixed Rate Residential Investment 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 a Fixed Rate Residential Investment 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 Residential Investment Home Loan is actively promoted to customers through:

- Media campaigns which include but not limited to statements, press, TV, website, digital, radio and social media channels, and
- Promoted 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:
 - the fees or rates of interest and/or the way in which these are incurred/earned,
 - other product attributes such as the ability to make additional repayments up to \$20,000 per year without penalty or redraw funds.
- 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.

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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.