

# Target Market Determination (TMD)

## Line of Credit Home Loans

### Product

Line of Credit Home Loans:

- Equity Plus
- Allegro Line of Credit

### Issuer

Police Credit Union Ltd ABN 30 087 651 205 | AFSL/Australian Credit Licence 238991

### Effective Date

4 October 2021

### Last Review Date

26 March 2026

### Target Market

#### ***Description of target market***

Customers who are looking to purchase, or refinance, an owner occupied or residential investment property or currently have, an owner occupied or residential investment home loan and want the flexibility of being able to make additional repayments and be able to readily access equity in the home through a line of credit transaction account. Allegro Line of Credit Loans are only applicable to current credit contracts.

#### ***Key product attributes***

- Money at call
- Variable interest rate
- Minimum loan amount \$20,000
- Repayments principal and interest
- Choice of weekly, fortnightly, or monthly repayments
- Maximum loan term 40 years
- Minimum deposit of 20%.

#### ***Fees payable***

- Standard transaction fee and rebates apply (Refer to General Service Fees document)
- Standard establishment and fees charged for specific events for example Default fees and Top-up fees
- No ongoing monthly or annual 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 variable rate of interest which allows the customer to readily access equity in their home through a line of credit transaction account and want the flexibility of being able to make extra repayments without a fee.
- **Likely financial situation:** meet Police Credit Union's lending criteria including having regular income and stable employment, are an Australian permanent resident, have an acceptable credit history, have a minimum 20% deposit or equity, can demonstrate they are in a financial situation which enables the customer to manage the line of credit feature of the loan. Have a surplus income after meeting their existing financial commitments.
- **Likely needs:** require funds to purchase or refinance an owner occupied or residential investment property or build a new residential home and want the flexibility to draw upon funds as required.

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

- Customers who do not have a minimum 20% deposit or equity,
- customers who are under the age of 18, are not an Australian permanent resident or do not have an acceptable credit history,
- customers who want the certainty of a fixed interest rate and repayments,
- customers who do not need to access funds via a line of credit,
- customers who do not meet lending criteria, or
- customers who do not have any surplus income after meeting their existing financial commitments.

### ***Distribution conditions***

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

A Line of Credit 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,

### **Distribution Conditions and Restrictions**

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- visiting any Police Credit Union branch, or
- requesting a work site visit from a Relationship Manager/Branch Manager.

**Process:** the Line of Credit 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 to ensure the prospective customer meets the lending criteria for the loan and that the product otherwise meets the objectives, financial situation and needs of the customer.

Customers considering the Line of Credit Home Loan must meet the lending criteria for the loan which includes:

- employment and income criteria,
- access to the minimum deposit requirements,
- ability to make minimum loan repayments with surplus income after taking into consideration of all current debts and living expenses, and
- an acceptable credit file.

Given the wide target market for which the product is likely to be suitable, the Line of Credit Home Loan is actively promoted to customers through a number of channels including but not limited to:

- media campaigns which include 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,
  - other product attributes such as the ability to make extra repayments or redraw.

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- a 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.
- 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,
  - high rates of default beyond expected levels,
  - high hardship rates beyond expected levels, and
  - change to eligibility criteria.

### Review Periods

**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 subsequent reviews.