

Target Market Determination (TMD)

Home Loans

Product

Variable Rate Owner Occupied Home Loan

- Better Home Loan
- Standard Variable 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

Description of target market

Customers who are looking to purchase, refinance, renovate or build a home which they will occupy and want the flexibility to make unlimited additional repayments, offset the interest incurred on the loan and redraw funds as required. 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 for example a caravan or boat.

Key product attributes

- Variable interest rate,
- Minimum loan amount starting from \$20,000 special offer variable home loans may have higher minimum borrowing amounts,
- Principal and interest repayments,
- Interest only repayments for a construction loan,
- Choice of weekly, fortnightly or monthly repayments,
- Access to an Offset account,
- Redraw available,
- Additional and early repayments allowed,
- Maximum loan term 40 years,
- Minimum deposit of 5% to purchase or build a home,

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- Minimum equity of 10% to refinance another home loan, and
- Lower interest rates available if the customer has a deposit of 20%.

Fees payable

- Standard establishment and fees charged for specific events for example Default fees and Top-up fees, and
- No ongoing monthly or annual fees.

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 purchase, refinance or build a home which they will occupy. Customer can make additional repayments without penalty, with no ongoing monthly or annual fees, have a redraw facility and have options for other additional features such as a mortgage offset account.
- **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:** Would like to make additional repayments without penalty or restriction, need funds to purchase or build a new home or would like to refinance an existing home loan.

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 who want the certainty of a fixed interest rate and repayments,
- Customers who do not meet lending criteria, and
- Customers who do not have any surplus income after meeting their existing financial commitments.

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Distribution Conditions and Restrictions

Distribution conditions

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

The Variable Rate Home Loan product is available to 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.

Process: The Variable Rate 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 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 Variable 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.

Given the wide target market class for which the product is likely to be suitable, the Variable Rate Owner Occupied Home Loan is actively promoted to customers through a number of channels including:

- Media campaigns which include but is 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.

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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 without penalty, utilise an offset account or redraw funds.
- Material changes 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 each subsequent review.