

# Target Market Determination

## Home loans

<b>Product</b>	Fixed Home Loan
<b>Issuer</b>	Community First Credit Union Limited ABN 80087649938 AFSL/Australian credit licence 231204
<b>Date of TMD</b>	21 September 2021
<b>Target Market</b>	<p><b><i>Description of target market</i></b></p> <p>Retail clients who:</p> <ul style="list-style-type: none"> <li>• are seeking a loan to:           <ul style="list-style-type: none"> <li>○ purchase or renovate a home;</li> <li>○ refinance an existing home loan; or</li> <li>○ top up an existing loan for any worthwhile purpose</li> </ul> </li> <li>• are aged 18 years or more and meet the credit assessment criteria for the product</li> <li>• are willing and able to offer a first registered mortgage over real property (or other acceptable security) as security for the loan</li> <li>• need the certainty of a fixed interest rate and fixed repayments for 1-3 years</li> <li>• need the facility to have the option to redraw advance repayments</li> <li>• may benefit from an offset account without card access to save on interest</li> <li>• are willing and able to offer a first registered mortgage over real property (or other acceptable security) as security for the loan</li> </ul> <p>For principal and interest reducing:</p> <ul style="list-style-type: none"> <li>• need to make regular repayments of interest and principal over the term of the loan</li> </ul> <p>For interest only:</p> <ul style="list-style-type: none"> <li>• are seeking an interest only option for an approved purpose and are prepared to make monthly repayments</li> <li>• need an interest only period for tax planning reasons/so as to complete the construction of a home before commencing principal and interest reductions/whilst selling other property to enable repayment of the loan/change in circumstances where lower repayments are preferred for a period of time</li> </ul>

***Description of product, including key attributes***

This is a Fixed Home Loan secured over real property. The key attributes are:

- loan amounts from \$50,000, no minimum for internal switches
- loan terms of up to 30 years
- fixed interest rate reverting to variable after the fixed term
- repayment frequency can be weekly/fortnightly/monthly
- the ability to make additional repayments
- unable to pay the loan out in full during the fixed rate period without incurring a break cost fee
- a redraw facility
- optional 100% mortgage offset account
- must provide a registered first mortgage over real property
- application, valuation and legal fee
- redraw and loan variation fees
- breakcost fee when paying out the loan in full early
- other fees and charges may apply. Refer to the current fees and charges schedule

For principal and interest reducing:

- principal and interest reducing for the fixed term reverting to variable principal and interest reducing

For interest only:

- interest only for the fixed term reverting to variable principal and interest

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**Distribution  
Conditions**

***Distribution conditions***

This product is distributed by the issuer through the following channels:

- Stores
- Mobile lenders
- Call centre
- Online
- Third party introducer

Distribution conditions for this product include:

- ensuring that retail clients meet the eligibility requirements for the product
- ensuring that distribution is by appropriately trained staff

There are no other distributors for this product.

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**Review  
Triggers**

The review triggers that would reasonably suggest that the TMD is no longer appropriate are:

- A significant dealing of the product to consumers outside the target market occurs;
- A significant number of complaints is received from customers in relation to their purchase or use of the product that reasonably suggests that the TMD is no longer appropriate;
- A material change to the product or the terms and conditions of the product occurs which would cause the TMD to no longer be appropriate;
- Material changes to fees or rates of interest
- 20% or more of loans who break the fixed term before the last 12 months of the fixed term
- 10% or more of borrowers are in arrears
- 2% or more of owner-occupiers taking interest only loans
- 5% or more of loans with interest only term running longer than 5 years in total

The *Product Governance Framework* includes regular consideration of whether there has been a review trigger following each distribution information report. That consideration is by reference to paragraphs 154 to 156 of RG 274.

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**Review Periods**

**First review date:** 5 October 2022

**Periodic reviews:** every 2 years after the initial and each subsequent review.

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**Distribution Information Reporting Requirements**

The following information must be provided to Community First Credit Union by distributors who engage in retail product distribution conduct in relation to this product:

Type of information	Description	Reporting period
Complaints	Number of complaints	As soon as practicable, and in any case within 10 business days after becoming aware
Significant dealing(s)	Date or date range of the significant dealing(s) and description of the significant dealing (eg, why it is not consistent with the TMD)	
Sales <b>outside</b> the target market	Number of sales \$ value of sales	