

Target Market Determination – Housing Loans

Product	<ul style="list-style-type: none"> • Owner Occupied Variable Rate Home Loan • Owner Occupied Fixed Rate Home Loan • Residential Investment Variable Rate Home Loan • Residential Investment Fixed Rate Home Loan
Issuer	South West Credit Union, ABN 44 087 651 705 AFSL/Australian Credit Licence 241 258
Date of TMD	This TMD is effective from 5 th October 2021.
	<p>This TMD is not, and should not be construed as a full summary of the products Terms and Conditions. Nor is it a substitute for the provision of financial advice.</p> <p>When deciding about the product, consumers should refer to the products Terms and Conditions and other promotional material available.</p>
	<p>Description of target market</p> <p>For Variable Rate Home Loans: Customers who are looking to purchase, refinance, renovate or build a home, or top up their existing loan for any worthwhile purpose and want the flexibility to make additional repayments and redraw funds as required, as well as offsetting their savings to reduce their home loan costs.</p> <p>Customers who may need an interest only period for tax planning reasons (Residential Investment loans only), so as to complete the construction of a home before commencing principal and interest reductions or whilst selling other property to enable repayment of the loan.</p> <p>For Fixed Rate Home Loans: Customers who are looking to purchase, refinance, renovate or build a home or top up their existing loan for any worthwhile purpose and want the certainty of a fixed interest rate and fixed repayments.</p> <p>Customers who may need an interest only period for tax planning reasons (Residential Investment loans only), so as to complete the construction of a home before commencing principal and interest reductions or whilst selling other property to enable repayment of the loan.</p> <p>Description of product, including key attributes</p> <p>This is a Variable rate home loan secured over real property. The key attributes are:</p> <ul style="list-style-type: none"> • loan terms of up to 30 years • Interest only 5 years maximum (possibility to renegotiate on term expiry) • interest only/principal and interest reducing combinations • interest rate variable • short term interest only option available during construction only. A maximum of 12 months • interest is calculated daily and charged monthly • repayment frequency can be weekly/fortnightly/monthly • the ability to make additional repayments • on occasions SWC may offer a promotional package with a honeymoon period

- an interest only period can be negotiated for Construction home loans, terms and conditions apply
- can be set up as a loan package with a honeymoon period
- a redraw facility is available
- must provide a registered first mortgage over real property or other acceptable security
- 100% offset facility is available on Packaged loans only
- early repayment without penalty allowed
- auto repayments allowed
- ability to have loan split as part variable and part fixed
- statements issued 30th June and 31st December
- loan set up costs can apply whilst an annual fee applies package home loans.

This is a **Fixed rate home loan secured over real property**. The key attributes are:

- fixed rate terms are available
- can be set up as a loan package with a honeymoon period
- Interest is calculated daily and charged monthly
- auto repayments available
- 100% offset facility is available on packaged loans only
- interest rate fixed
- repayment frequency can be weekly/fortnightly/monthly
- ability to make additional repayments during the fixed rate period
- ability to redraw advance repayments
- must provide a registered first mortgage over real property or other acceptable security
- ability to have loan split as part variable and part fixed
- an interest only period can be negotiated for Construction home loans, terms and conditions apply
- short term interest only option available during construction only. A maximum of 12 months
- loan set up costs can apply whilst an annual fee applies package home loans.
- Early repayment penalty applies if loan is paid out during fixed rate period
- Statements issued 30th June and 31st December

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

This product is designed for consumers who:

For Variable rate home loans:

- **Likely objectives:** Customers seeking a flexible home loan with additional features
- **Likely needs:** Customers who intend to make unlimited extra repayments and/or redraw funds or utilise an offset account to reduce their interest costs
- **Likely financial situation:** Customers who are over 18 years of age, and have met the credit assessment criteria, and have saved a deposit and

	<p>associated set up fees and have a regular income and wish to purchase an asset. Or customers who have grown their equity in an asset, and wish to purchase a second property for investment purposes, or refinance their current home loan whilst meeting SWCs credit assessment requirements.</p> <p>For Fixed rate home loans:</p> <ul style="list-style-type: none"> • Likely objectives: Customers seeking the certainty of a fixed interest rate and fixed repayments over the term of the loan. • Likely needs: Customers who wish to have the same repayment structure over a period of time and have a desire to make a smaller amount of special repayments • Likely financial situation: Customers who are over 18 years of age, and have met the credit assessment criteria, and who have saved a deposit and associated set up fees and have a regular income and wish to purchase an asset. Or customers who have grown their equity in an asset and wish to purchase a second property for investment purposes or refinance their current home loan whilst meeting SWCs assessment requirements. <p><i>Classes of consumers for whom the product is clearly unsuitable</i></p> <p>This product is not suitable for retail clients who:</p> <p>For Variable rate home loans:</p> <ul style="list-style-type: none"> • Consumers who do not meet the eligibility requirements • Consumers who are seeking the certainty of fixed repayments over the term of the loan • Consumers who are not seeking additional features eg offset account <p>For Fixed rate home loans:</p> <ul style="list-style-type: none"> • Consumers who do not meet the eligibility requirements • Consumers who are seeking additional features on their home loan • Consumers who anticipate making extra payments and paying out their loan early <p><i>Explanation of why the product is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market</i></p> <p>For Variable rate home loans: This product is consistent with the needs and objectives of customers who are seeking flexibility and who intend to make extra repayments and/or redraw funds or require an offset account.</p> <p>For Fixed rate home loans: This product is consistent with the needs and objectives of customers who are seeking the certainty of a fixed interest rate and fixed repayments over the term of the loan.</p>
<p>Distribution Conditions</p>	<p><i>Distribution conditions</i></p> <p>This product is distributed by the issuer through the following channels:</p> <ul style="list-style-type: none"> • In Branch • By Telephone • Targeted Advertising • Website <p>Distribution conditions and restrictions:</p>

	<p>The distribution of these products is subject to the following conditions and restrictions:</p> <p>Ensuring that branch and telephone distribution is done by appropriately authorised and trained staff who ensure that customers meet the eligibility requirements for the loans. All website and targeted advertising will clearly note loan eligibility requirements.</p> <p><i>Why the distribution conditions and restrictions will make it more likely that the consumers who acquire the product are in the target market</i></p> <p>The distribution conditions and restrictions will likely achieve this objective by reaching a broad range of eligible customers in the target market via the noted distribution channels and eligibility requirements being enforced in each distribution channel to ensure that only eligible customers can acquire the Home loan products</p> <p>South West Credit is the issuer and the distributor of these products</p>						
<p>Review Triggers</p>	<p>The review triggers that would reasonably suggest that the TMD is no longer appropriate include:</p> <ul style="list-style-type: none"> • A significant dealing of the product to consumers outside the target market occurs and/or is no longer consistent with the likely objectives, financial situation and needs of consumers; • 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 <p>The <i>Product Governance Framework</i> 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.</p> <p>Where a review trigger or event occurs, SWC will review this TMD within 10 business days after becoming aware of a trigger event.</p>						
<p>Review Periods</p>	<p><i>First review date:</i> Initial Review</p> <p>SWC will undertake a review of this TMD within 1 year of the effective date.</p> <p><i>Periodic reviews</i></p> <p>SWC will undertake periodic reviews of this TMD at least every 2 years from the initial review and each subsequent review</p>						
<p>Distribution Information Reporting Requirements</p>	<p>The following information must be provided to South West Credit (SWC) by distributors who engage in retail product distribution conduct in relation to this product:</p> <table border="1" data-bbox="432 1825 1425 2078"> <thead> <tr> <th data-bbox="432 1825 798 1877">Type of information</th> <th data-bbox="798 1825 1110 1877">Description</th> <th data-bbox="1110 1825 1425 1877">Reporting period</th> </tr> </thead> <tbody> <tr> <td data-bbox="432 1877 798 2078">Significant dealing(s)</td> <td data-bbox="798 1877 1110 2078">Date or date range of the significant dealing(s) and description of the significant dealing (eg,</td> <td data-bbox="1110 1877 1425 2078">As soon as practicable, and in any case within 10 business days after becoming aware</td> </tr> </tbody> </table>	Type of information	Description	Reporting period	Significant dealing(s)	Date or date range of the significant dealing(s) and description of the significant dealing (eg,	As soon as practicable, and in any case within 10 business days after becoming aware
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		why it is not consistent with the TMD)	
	Complaints	Number and substance of complaints, including nil complaints	Every quarter
	Review triggers	Date when review triggers occurred other than complaints and significant dealings	As soon as practicable, and in any case within 10 business days after becoming aware
	Sales outside the target market	Number of sales \$ value of sales	Every quarter
	Sales inside the target market	Number of sales \$ value of sales	Every quarter
	Product Performance	Description of positive and negative feedback	Half Yearly
Availability of this TMD	This TMD is available to the public free of charge		