

Target Market Determination (TMD)

Product: Family Guarantee



Made by	Credit Union SA Ltd ABN 36 087 651 232 AFSL/Australian Credit Licence 241066
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Effective date	5 October 2021
Last review date	15 April 2024
Ceased date	15 April 2024

Target Market

a) Product description (including key attributes)

Members in the target market for this product are members (current or future) who want to purchase their first home or first-time property investors, who have limited savings, who want to avoid the cost of lender's mortgage insurance (LMI), and who have eligible family members who are willing to provide a guarantee in relation to part of the loan and provide security over their property or a term deposit.

This TMD should be read in conjunction with the TMDs for our Variable and Fixed Rate Home Loans, as the Family Guarantee applies in relation to the products described in those TMDs where the Family Guarantee eligibility criteria are satisfied. Where the target markets, and key product attributes, described in those TMDs are inconsistent with the target market and product attributes described in this TMD, those in this TMD apply to members who satisfy the Family Guarantee eligibility criteria, to the extent of that inconsistency.

Members in the target market will want a loan and guarantee arrangement which satisfies the key product attributes listed below (which include the Family Guarantee eligibility criteria):

Family Guarantee

- Borrowers must provide at least 5% of the purchase price of the property from genuine savings, which has been saved regularly over at least 3 months.
- A family member or members (e.g. parents) must provide a guarantee in relation to the loan, limited to the amount required to achieve a loan to valuation ratio (LVR) of 80%, and must provide security for the guarantee in the form of a mortgage over real estate or a charge over a term deposit with Credit Union SA.
- Credit Union SA will release the guarantee as soon as the LVR of the property purchased is 80% or less. Alternatively, the guarantee can be released earlier if LMI is arranged as a substitute for the security provided by guarantee.
- Borrowers are responsible for repaying the full amount of the loan. Guarantors are only responsible for their part of the loan if the borrowers default.

b) The likely objectives, financial situation and needs of members in the target market for these products are that they:

- Need funds to finance the purchase of a residential or investment property or refinance other finance that has been provided for such a purpose
- Meet Credit Union SA's lending criteria
- Have enough savings to pay at least 5% of the purchase price of the property, but not enough to pay 20%
- Want to avoid paying the cost of LMI.
- Have an eligible family member or members willing and able to provide a limited guarantee in relation to the loan, and willing and able to provide security for the guarantee in the form of a mortgage over real estate or a charge over a term deposit with Credit Union SA.
- May have already owned real property and obtained a home

loan or may be buying a property and obtaining a home loan for the first time. Members will therefore have differing levels of knowledge and experience with home loans including, potentially, very little or no such experience.

c) These products have not been designed for members who:

- Have enough savings to pay at least 20% of the purchase price of the property they wish to purchase
- Are willing to pay the cost of LMI
- Do not have an eligible family member or members willing and able to provide a limited guarantee in relation to the loan, and willing and able to provide security for the guarantee in the form of a mortgage over real estate or a charge over a term deposit with Credit Union SA.
- Do not meet Credit Union SA's lending criteria.

d) Other information:

Family Guarantee Guide relating to this product:

[Download](#)

This TMD does not replace the product terms and conditions, and members (future or current) should refer to these before purchasing the product.

Home Loan interest rates, fees and charges brochure:

[Download](#)

Distribution Conditions

Products to which this TMD applies may be distributed through any of the following channels:

- Online through our digital channels
- In our branch
- Via our Member Experience Centre
- Through mortgage brokers who are accredited to submit loan applications to us ('third-party distributors')

All these channels are monitored by Credit Union SA and staffed by persons trained and accredited in the distribution of the products in accordance with our terms and conditions.

Review Triggers

The following review triggers apply for these products:

- There are significant dealings in the product that are not consistent with this TMD
- Material changes to the regulatory environment
- Material changes to the product terms and conditions, other than changes to interest rates and consequential changes to repayments or material changes to distribution
- More than 10% member complaints in any 6-period claiming that the product, or its features, did not satisfy the member's needs.

Review Period

We will review this TMD at least every 12 months.

Information Reporting

The below sets out the information Credit Union SA requires to be reported to us related to the products by persons who engage in the distribution of the products.

Unless otherwise stated, the first reporting period commences on the date this TMD is made. Each subsequent reporting period begins on the day following the end of the prior reporting period.

Credit Union SA or distributors of Credit Union SA products will report on the following:

- The number of complaints received in relation to the products during the reporting period (which may be 0) every 6 months
- Complaints about the products escalated to the Australian Financial Complaints Authority (AFCA) status ('Yes' or 'No'), if applicable every 6 months
- Complaint details (date the Distributor first received the complaint, substance of complaint and general feedback relating to the products and their performance) every 6 months

Significant dealing(s) including date and description of the significant dealing (as soon as practicable or in any case within 10 business days).