

# Target Market Determination (TMD)

## Product: Family Guarantee



<b>Made by</b>	Credit Union SA Ltd ABN 36 087 651 232 AFSL/Australian Credit Licence 241066
<b>Version Number</b>	1.0

<b>Effective date</b>	5 October 2021
<b>Last review date</b>	-
<b>Ceased date</b>	In use

## 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 Rate Home Loans 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 able 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

An initial review of this TMD will occur within 12 months.

This TMD is then to be reviewed at least every 12 months.

The Senior Manager Marketing and Product Management is responsible of initiating the review process at least one month prior to the end of each review period.

## Information Reporting

The following table sets out the information which we require to be reported to us related to the products by persons who engage in retail distribution conduct in respect 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.

Information required to be reported	Who is required to report?	How frequently is a report required (reporting period)?
The number of complaints received in relation to the products during the reporting period (which may be 0)	Senior Manager Member Experience (in respect of complaints lodged with Credit Union SA directly) and Each third-party distributor of the products	6-monthly
Complaint details (date the Distributor first received the complaint, substance of complaint and general feedback relating to the products and their performance)	Each third-party distributor of products	6-monthly
Complaints about the products escalated to the Australian Financial Complaints Authority (AFCA) status ('Yes' or 'No'), if applicable.	Internal or External Disputes Resolution Officer	6-monthly
Significant dealing(s) including date and description of the significant dealing	Third-party distributors	As soon as practicable, and in any case within 10 business days

## Appendix

This TMD applies to the following product when read in conjunction with our TMDs for Variable Rate Home Loans and Fixed Rate Home Loans:

- Family Guarantee