

Target Market Determination

Version 1 dated 21 April 2023



This Target Market Determination (TMD) has been prepared in accordance with the *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019* and associated Regulations. TMDs are designed to assist issuers to ensure that financial products they issue are likely to be consistent with the *likely objectives, financial situation and needs* of the consumers for whom they are intended (the target market) and to assist distributors to ensure that financial products are distributed to the target market.

The TMD is general in nature and should not be construed as financial advice. Consumers should obtain independent advice prior to acquiring the product to ensure that it is appropriate for their particular *objectives, financial situation and needs*.

Product	Freedom Professional Pack Home Loan – Full Doc
Reference documents	General Home Loan Terms and Conditions and Credit Guide
Issuer	Mortgage House Capital Funding No. 1 Pty Ltd ABN 99 603 910 210
Date of TMD	21 April 2023
Target Market	<p>Description of target market</p> <p>The features of this product have been assessed as meeting the <i>likely objectives, financial situation and needs</i> of consumers who:</p> <ul style="list-style-type: none"> • meet the eligibility criteria; • individual borrower (as single or joint borrowers); • meet the occupation & employment criteria below: <ul style="list-style-type: none"> ○ Selected Professionals: <ul style="list-style-type: none"> ▪ Finance manager ▪ Judge ▪ Doctor ▪ Surgeon ▪ Dentist ▪ Lawyer ▪ Barrister ▪ Accountant ▪ Software Developer ▪ Software Architect ▪ Business Analyst ▪ IT Project Manager ○ Other Professionals or Essential Workers: <ul style="list-style-type: none"> ▪ University Educated Professionals and hold an Australian or Overseas University degree in the following industries: <ul style="list-style-type: none"> • Medical and Allied Health • Legal Professionals • Accounting and Audit • Engineering and Technology ▪ Essential workers include: <ul style="list-style-type: none"> • Nurses

- Paramedics
- Police Officers
- Fire Fighters
- Teachers
- require a loan to purchase, construct or refinance an owner occupied or investment residential property with low deposit;
- require the ability to borrow up to 95% of the value of the property for **Selected Professionals**, or up to 90% for **Other Professionals or Essential Workers**, without paying Lender's Mortgage Insurance;
- require the flexibility of a variable interest rate;
- require the ability to make unlimited extra repayments and access redraw;
- may want access to other optional features and benefits (such as linked offset account); and
- require principal and interest repayments.

Whilst variable interest rates may fluctuate, the product meets the likely objectives, financial situation and needs of consumers in the target market because it allows them to make additional repayments and/or deposit funds into an offset account to reduce interest payable whilst retaining the ability to draw on those funds when required.

Owner Occupied Residential Property

This product allows consumers to finance the purchase or refinance of an owner occupied residential property with the ability to select principal and interest repayments in order to reduce the overall debt and build equity.

Investment Residential Property

This product allows consumers to finance the purchase or refinance of an investment residential property with the ability to select principal and interest repayments in order to reduce the overall debt and build equity.

Description of product, including key attributes

- Variable interest rate.
- Offset account is available.
- Redraw is available.
- Minimum loan amount \$150,000.
- Maximum loan amount \$2,000,000 (subject to postcode policy).
- Maximum loan term 30 years.
- Maximum Loan to Valuation Ratio (LVR): 95% (subject to the security property use).
- Repayment options:
 - principal and interest only.
- Repayment frequency – weekly, fortnightly or monthly.
- Application fee is payable.
- Settlement fee is payable.
- Annual Facility fee is payable where a 100% offset account is linked.
- Nil redraw fee for redraw conducted via internet banking (a fee applies for staff assisted redraw).

Classes of consumers for who the product may not be suitable

This product may not be suitable for consumers who:

- do not meet the eligibility requirements;

	<ul style="list-style-type: none"> • are seeking the certainty of fixed repayments over the term of the loan; • are seeking repayments on an interest only basis; • are self employed and have limited levels of information in relation to employment and income and are therefore unable to provide the financial information necessary to access a lower interest rate; • are not Professional or Essential workers as outlined above; • do not wish to borrow more than 80% of the value of the property. 						
<p>Distribution Conditions</p>	<p><i>Distribution conditions</i></p> <p>The following distribution channels and conditions have been assessed as being appropriate to direct the distribution of the product to the target market:</p> <table border="1" data-bbox="432 667 1388 1131"> <thead> <tr> <th data-bbox="432 667 762 696">Channel</th> <th data-bbox="762 667 1388 696">Conditions</th> </tr> </thead> <tbody> <tr> <td data-bbox="432 696 762 913">Direct – by phone or in person</td> <td data-bbox="762 696 1388 913">Only authorised staff or contracted branches are permitted to assist consumers with this product. Authorised staff or contracted branches have the necessary training, skills and knowledge to assess whether the consumer is within the target market.</td> </tr> <tr> <td data-bbox="432 913 762 1131">Third party – Accredited mortgage brokers subject to Best Interests Duty (BID) and related obligations</td> <td data-bbox="762 913 1388 1131">All applications submitted by accredited mortgage brokers must comply with our policies and procedures issued to accredited brokers from time to time. Accredited mortgage brokers are subject to a higher duty under BID to ensure that the Product is in the best interests of the particular consumer.</td> </tr> </tbody> </table> <p>The distribution channels and conditions are appropriate because:</p> <ul style="list-style-type: none"> • the product has a wide target market; • our distributors have been adequately trained to understand their DDO obligations; • we rely on existing distributors, methods, controls and supervision already in place; • our approval system has controls in place to flag applicants who may be outside the target market; and • accredited mortgage brokers are subject to a higher duty under BID to ensure that the product is in the best interests of the particular consumer; 	Channel	Conditions	Direct – by phone or in person	Only authorised staff or contracted branches are permitted to assist consumers with this product. Authorised staff or contracted branches have the necessary training, skills and knowledge to assess whether the consumer is within the target market.	Third party – Accredited mortgage brokers subject to Best Interests Duty (BID) and related obligations	All applications submitted by accredited mortgage brokers must comply with our policies and procedures issued to accredited brokers from time to time. Accredited mortgage brokers are subject to a higher duty under BID to ensure that the Product is in the best interests of the particular consumer.
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<p>Review Triggers</p>	<p>The following review triggers would reasonably suggest that the TMD may no longer be appropriate:</p> <ul style="list-style-type: none"> • A significant dealing of the product to consumers outside the target market occurs; • A significant number of complaints are received from customers in relation to the product; • A significant number of defaults occur; <p>There is a material change to the product or the terms and conditions of the product.</p>						
<p>Review Periods</p>	<p><i>First review date:</i> 21 April 2024</p>						

	<p>Periodic reviews: at least every 12 months from the initial review and each subsequent review.</p> <p>Trigger reviews: review to be completed within 10 business days of the identification of a trigger event.</p>		
<p>Distribution Information Reporting Requirements</p>	<p>The following information must be provided to the Issuer by distributors who engage in retail product distribution conduct in relation to this product:</p>		
	<p>Type of information</p>	<p>Description</p>	<p>Reporting period</p>
	<p>Specific Complaints</p>	<p>Details of the complaint, including name and contact details of complainant and substance of the complaint.</p>	<p>As soon as practicable and within 10 business days of receipt of complaint.</p>
	<p>Complaints</p>	<p>Number of complaints and general feedback relating to the product and its performance</p>	<p>Every 1 month</p>
<p>Significant dealing(s)</p>	<p>Date or date range of the significant dealing(s) and description of the significant dealing (eg, why it is not consistent with the TMD)</p>	<p>As soon as practicable, and in any case within 10 business days after becoming aware</p>	