Target Market Determination

Issue Date: 5 October 2021

1. What is a Target Market Determination?

A Target Market Determination (**TMD**) establishes the target market of consumers this product has been designed for as determined by Paramount Mortgages. It also sets out conditions for product distribution, triggers to review the target market and other reporting requirements.

A TMD is **not** a full summary of the product features or terms of the product. It is not intended to be a customer disclosure document and does not consider any person's individual objectives, financial situation or needs. Consumers interested in acquiring this product should carefully read the Loan Contract, Key Fact Sheet and General Terms & Conditions issued to them before deciding whether to proceed.

Product Name	• Paramount Bridging (Full Doc & Alt Doc)
Issuer	Paramount Mortgage Services Pty Ltd – ABN 82 104 607 178
Made by	Paramount Mortgage Services Pty Ltd (Australian Credit Licence 392788) ("Paramount Mortgages")
Reference Documents	General Terms & Conditions, Credit Guide and Key Fact Sheet
Version	1.0
Cease Date	In Use

2. Class of consumers that fall within this target market

Consumer type

- Full Doc Loan – Suitable for consumers over the age of 18 who are employed (PAYG), self-employed, self-funded retirees or pensioners who can provide evidence of their taxable income for verification.
- Alt Doc Loan – Suitable for consumers over the age of 18 where one or multiple applicants are self-employed and unable to fully verify their income with the most recent years tax returns.

Product description and key attributes & consistency between target market and the product

This Product are likely to be consistent with the typical objectives, financial situation and needs of the class of consumers in the target market. This is based on an analysis of the key terms, features and attributes of the product and a finding that these are consistent with the identified class of consumers.

The key eligibility requirements and product attributes of this Product as well as the consistency with likely objectives, financial situation and needs of the class of consumers in the target market are outlined below:

	Key Attributes of the Products	Consistency with likely Objectives, Financial Situation & Needs
Security Type	Owner Occupied or Investment	This product is likely to meet objectives and needs for both owner occupied and investment consumers.
Loan Amount	$150,000 - $10,000,000	This product is likely to meet the needs of consumers looking for a loan amount of $150,000 up to $10,000,000
Loan to Value Ratio (LVR)	• Bridging ≤ 80%	• This product is likely to meet the needs of consumers looking for an LVR up to 80%
Loan Term	18 Months – 24 Months	This product is likely to meet the needs of consumers looking for a loan term up to 30 years.

Repayment Type	• Interest capitalised monthly for the term of the loan	• Consumers seeking Principal & Interest repayments are likely to have one or more of the following needs:
		  ○ The ability to minimise interest paid over the life of the loan
		  ○ The ability to build home equity from the commencement of the loan; and/or
		  ○ Seeking the lowest possible available interest rate
		• Consumers seeking Interest Only repayments are likely to have one or more of the following needs:
		  ○ To follow advice of their financial advisor/accountant, or for taxation reasons; and/or
		  ○ Seeking to preserve cashflow by reducing their required repayments

Repayment Frequency	Weekly, fortnightly, or monthly (Interest Only – monthly)	The varied repayment types available are likely suitable for consumers in paid employment so they may align their loan repayment frequency to their income deposit.
Interest Rate Type	Variable	This interest rate type is likely to be suitable for consumers who need one or more of the following: • The ability to take advantage of potential future interest rate decreases • The ability to make extra repayments to their loan; and/or • Flexibility allowing early repayment of their loan
Account Management	Digital customer account access	This is likely to be suitable for customers that wish to access their loan account online or via a phone application.
Types of Fees	Application fee, valuation assessment fee, facility risk fee, legal fees, title insurance fee, annual loan administration fee & mandate fee.	These fees are associated with the suitable loan product.

Note that exceptions to the above may be made on a case-by-case basis where still consistent with the consumers objectives, financial situation, and needs.

Likely Objectives and needs

The Loan Products are designed for individuals who may be seeking the following:

- **Obtain a loan to release equity to renovate to build value to sell**
- **Release equity in their property prior to sale.**
- **Settle on a new property before they sell their current property.**
- **Refinance their current lenders and/or pay expenses that are due prior to the sale their property occurring.**
- **Are looking to downsize and move to less expensive homes and release the equity in their home; or upsizes with plans to move to more expensive property, or renovators looking to make non-structural changes to their property to increase their value or attractiveness in the market.**
- **Borrowers intending to transition into a retirement residence who seek to access equity from their existing property to fund associated costs, enabling them to proceed with the move without requiring temporary rental accommodation and deferring the sale of their home until after relocation.**

Consumers may have additional needs for their home loan including:

- **Interest Only – may be allowed for a period, subject to lending assessment. An interest rate loading may be applicable for this type of loan repayment.**

Likely Financial Situation

The Loan Product is suitable for consumers whose financial situation provides access to income that will satisfactorily meet repayment obligations (subject to credit assessment).

3. How this product is to be distributed

This product can only be distributed through the following means:

Direct to Consumer
Paramount Mortgages may distribute this product to customers via an appropriately trained member of our team.

Third Party Distribution
Accredited third party introducers:

- Mortgage brokers; and
- Aggregators

Distribution conditions
The distribution channels and conditions are appropriate because:

- The Products have a wide target market;
- Our distributors have been adequately trained to understand their DDO obligations;
- All applications submitted by mortgage brokers must comply with our policies and procedures, including meeting the eligibility requirements for the loan;
- Mortgage brokers must be appropriately authorised and conduct a preliminary credit suitability assessment on each loan application;
- Mortgage brokers are subject to a higher duty under BID to ensure that the product is in the best interests of the particular consumer;
- Paramount Mortgages conducts a credit assessment on every loan application to ensure that the objectives, financial situation and needs of the consumer are met; and
- Third party introducers must hold an Australian Credit Licence or maintain an appointment as a Credit Representative authorised to engage in credit activities on behalf of a credit licensee.

4. Reviewing this target market determination

We will review this target market determination in accordance with the below:

Initial review	Within 12 months of the effective date.
Periodic reviews	At least every 12 months from the last review.
Review triggers or events	Any event or circumstances arise that would suggest the TMD is no longer appropriate. This may include (but not limited): • a material change to the design or distribution of the product, including related documentation; • occurrence of a significant dealing; • distribution conditions found to be inadequate; • external events such as adverse media coverage or regulatory attention; and • significant changes in metrics, including, but not limited to, complaints • there are high rates of default; and • there are high rates of hardship.

Where a review trigger has occurred, this TMD will be reviewed within 10 business days.

5. Reporting and monitoring this target market determination

We may collect the following information from our distributors in relation to this TMD.

Complaints
Distributors will report all complaints in relation to the products covered by this TMD on a quarterly basis. The report will include:

- number of complaints; and
- general feedback relating to the Products and their performance for active loans of these types

The report will be made by email to the Head of Compliance (compliance@paramountmortages.com.au).

Specific Complaints
Distributors will report if they become aware of a specific complaint in relation to this TMD within 10 business days. The report will include:

- date or date range of the specific complaint; and
- details of the complaint, including name and contact details of complainant and substance of the complaint.

The report will be made by email to the Head of Compliance (compliance@paramountmortages.com.au).

Significant dealings
Distributors will report if they become aware of a significant dealing in relation to this TMD within 10 business days. The report will include:

- date or date range of the significant dealing; and
- description of the significant dealing (i.e., why it is not consistent with the target market determination)

The report will be made by email to the Head of Compliance (compliance@paramountmortages.com.au).