

Property Finance

RAC Finance target market determination

A target market determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth). This TMD seeks to offer consumers, distributors including brokers, and staff with an understanding of the class of consumers for which this product has been designed (**target market**), having regard to the objectives, financial situation and needs of the target market.

In this document the term "RAC Finance", refers to the issuer of the loan products, RAC Finance Limited ABN 77 009 066 862 Australian Credit Licence 387972.

This document is not to be treated as a full summary of the product's terms and conditions and does not take into account any person's individual objectives, financial situation or needs and is not the provision of financial advice. The customer must refer to RAC Finance's loans terms and conditions and any supplementary documents such as the loan contract and schedule which outline additional terms and conditions when deciding about this product.

This TMD is effective from 5 October 2021.

RAC Finance property development finance product

RAC Finance's property development finance product provides regulated credit for:

- » Finance to individual property developers.

This TMD sets out the target market for:

- » Property development finance of residential development projects and land subdivisions in the greater Perth metropolitan area.
- » Property development finance for regional clients considered upon request.

Distribution

Who can distribute this product

This product is distributed on a no-advice basis through:

- » Property finance staff at RAC Finance; and
- » Registered and licensed mortgage brokers and authorised representatives; and
- » RAC Finance targeted marketing; and
- » The Royal Automobile Club of WA (**RAC**) website

Only representatives through such distribution channels are appointed to distribute RAC Finance's property development finance product as they have been trained to understand the market and eligibility criteria for the product.

Reviewing the TMD

RAC Finance will review this TMD within 15 months from the effective date and at least every 27 months thereafter to ensure it remains appropriate.

We will also review this TMD within 10 days from the occurrence of any event or circumstance that should arise (called a 'review trigger') suggesting the TMD is no longer appropriate. This may include (but not limited to) events such as:

- » A change to the key product attribute or eligibility criteria that impacts the suitability of the product for the target market;
- » The proportion of individuals to which the loan products are provided which are outside the target market;
- » Regulatory change or use of product intervention power that impacts this product or target market for the product;
- » Material or unexpectedly high number of customer complaints indicating the product is no longer suitable to the target market;
- » The product is not being distributed in accordance with this TMD;
- » Nature of Material feedback from member satisfaction surveys indicating the product is no longer suitable to the target market and
- » We have determined that a significant dealing has occurred.

The information RAC Finance requires from the distributor to identify a review trigger or circumstance that would reasonably suggest that the TMD is no longer appropriate, is included in the Reporting requirements below.

Reporting

Distributors must record all complaints received about the product design, product availability and distribution of this product and report this information as soon as practicable (but in any case within 10 business days of the end of each quarter).

If applicable, there may be additional obligations when responding to complaints under the distributor's appointment as a representative of RAC Finance.



Distributors are obligated to report to RAC Finance as soon as practicable if they become aware of a matter that would give rise to a 'review trigger' or a circumstance that would reasonably suggest that the TMD is no longer appropriate.

Also, distributors are to provide RAC Finance sales data and other information required in accordance with the distribution arrangements and service level agreements for the loan product.

RAC Finance property development finance

Description of Target Market

This product is likely to be appropriate for individuals whose objective is to seek funding for residential development projects such as residential housing, home units, apartments, and villas as well as small/staged residential land subdivisions.

Key product attributes

- » Loan amount up to \$7.5m;
- » Terms from 3-24 months and subject to regular reviews;
- » Funding up to 80% of hard costs (land price plus fixed price contract);
- » No ongoing monthly fees;
- » Pre-sales not required;
- » All approvals and assessments made in-house in-line with board approved delegated lending approval limits;
- » Progress payments usually made within 48 hours;
- » Can apply for finance by contacting the RAC Property Finance team, authorised mortgage brokers, or make enquiries through RAC's website.

Eligibility criteria

RAC Finance's property development finance product is designed to be distributed to individuals who meet the following criteria.

This product is suitable for those who:	This product is not suitable for:
Can demonstrate previous successful developments and meet RAC Finance's lending criteria	Those who fail to meet the eligibility criteria
Can provide feasibility/ profitability assessment with acceptable Return on Costs	Individuals who do not have an underlying need and objective or requisite knowledge and experience of property development and/ or are an unregistered builder
Can provide minimum contribution to project costs equal to 20% of loan to valuation ratio	Those who fail to satisfy the lending assessment criteria for this product
Able to provide first mortgage over property being purchased	
Has development consent already granted by the relevant local authority	
Commit to clear facility from proceeds of sale of the property upon completion of development/or refinance to another lender	

Appropriateness

Based on its assessment of the above key product attributes and eligibility criteria of this product, RAC Finance finds that these are likely to be suitable and consistent with the objectives, financial situation and needs of the identified class of consumer that comprises the target market for this product.



rac.com.au/finance