

## Target Market Determination: Low Deposit Home Loan

### What's a Target Market Determination?

A Target Market Determination (TMD) is a written document that describes the target market for a product (ie, who a product is appropriate for), the key attributes of a product and how a product is being distributed. A TMD also sets out when reviews need to be conducted and the relevant information that is needed by distributors of the products to identify the need for a review. A TMD is not a determination that any person is within the target market for a product. A TMD does not summarise all terms, criteria or obligations associated with a product. For more information about TMDs go to [Target Market Determination | Keystart](#). For more information about our low deposit home loan go to [Low Deposit Home Loan \(keystart.com.au\)](#).

TMDs keep customers at the centre of our approach to the design and distribution of our financial products.

#	Criteria	Responses for this product
1	Issuer	Keystart ABN 74 917 542 588 (Australian Credit Licence Number 568102)
2	Date this TMD is made	4 December 2012
		Low Deposit Home Loans
3	Product name	Low Deposit Home Loan
	Loan Types:	Aboriginal Home Loan (Full Ownership) Modular Home Loan
4	Product Description, including key attributes	<p><u>Objective</u></p> <p>Loan to assist customers who are unable to meet the deposit criteria for a home loan with other lenders and would like to achieve the goal of home ownership sooner.</p> <p><u>Product Eligibility</u></p> <p>Only available to customers wanting to live in and own a home in Western Australia.</p>



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The property purchase price limit in either the Perth Metro or Kimberley or Pilbara Region, is set at the median house price for that region, based on Real Estate Institute of Western Australia's (**REIWA**) annualised house price data.

The income requirement limit in the Perth Metro or Kimberley or Pilbara Region, is based on the income required for either a single person or a couple/family to service a low deposit loan on a property valued at that region's median house price.

#### Additional Loan Type Eligibility

Aboriginal Home Ownership Scheme full ownership home loan is only available to people of Aboriginal and Torres Strait Islander descent.

Modular Home Loans are only available for customers who are building a home, using a modular construction method with a builder on our Established Builders List, on land that they own/will own.

#### Loan Attributes

Low entry costs: low deposit and no lender's mortgage insurance.

No monthly account keeping fees.

Weekly, fortnightly and monthly payment frequency options available.

Standard variable interest rate based on the Reserve Bank of Australia's (**RBA**) cash rate plus a margin. This margin is subject to change. As a variable rate, the rate can go up or down over time in line with any movement to the RBA cash rate and any changes to the margin. Given the low deposit nature of its home loan lending, Keystart's interest rates policy enables it to manage lending risk responsibly.

Redraw facility available (subject to terms and conditions).

Ability to make additional repayments at no extra cost.

Up to maximum 30-year term.

For customers seeking finance for residential construction: option to increase the loan amount by a maximum of \$10,000, to reduce the deposit requirements (*only applicable for non-first homeowners applying for a Modular Home Loan*).

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**5 Description of the retail class that comprises the target market**

The product has been assessed as meeting the likely objectives, financial situation and needs of customers who:

- satisfy our eligibility criteria.
- don't satisfy the deposit criteria of other lenders.
- don't want to pay lenders mortgage insurance.
- want to purchase an owner-occupied home in Western Australia that is available as security.
- want to purchase land in Western Australia and build a home that satisfies our minimum building requirements (using standard construction methods or off-site modular construction).
- own land in Western Australia and want to build a home that satisfies our minimum building requirements (using standard construction methods or off-site modular construction).
- require flexibility including:
  - ability to pay off the loan as quickly as possible and increase equity in the home by making additional payments at no extra cost.
  - access additional payments through a redraw for fully funded loans.
  - have the ability to progressively drawdown loan to fund home construction and minimise repayments during the construction.
  - interest being variable, meaning it may increase or decrease.

This product meets the likely objectives, financial situation and needs of consumers in the target market because it enables consumers in the target market to:

- purchase an owner occupied home sooner by lowering the entry costs with low deposit requirements and no lenders mortgage insurance.
- for fully funded loans, build equity in their property by making principal and interest repayments, including additional repayments at no extra cost.
- refinance with another lender when they are in a position to do so.

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**6 Negative target market**

This product may not be suitable for customers who:

- are able to meet the deposit criteria of other lenders.
  - are investors.
  - require a fixed interest rate.
  - require an offset account.
  - require a guarantor for the loan.
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- are living outside Western Australia.
  - are looking for a house valued above the median house price.
  - do not otherwise satisfy our eligibility criteria.
  - want to build a home that does not otherwise satisfy our minimum building requirements (if constructing a home).
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**7 Description of  
distribution conditions  
and restrictions**

**Distribution Methods:**

Direct (online, in-person or by phone):

Keystart's contact centre team take direct calls and walk ins from potential applicants. Our home loan specialists and dedicated Aboriginal Liaison Team also attend seminars and presentations to provide general information about Keystart's products. Only our home loan specialists assist applicants with applying for our home loan products. Home loan specialists have the necessary training, skills and knowledge to assess whether the consumer is within the target market.

Aggregators and their brokers:

Keystart has origination agreements with aggregators who have a number of brokers operating under their licenses. A broker must pass Keystart's accreditation process and supply all relevant compliance documents in order to be accredited to assist consumers to apply for a loan. Accredited brokers are subject to the Best Interests Duty (BID).

**Distribution Conditions:**

Direct (online, in-person or by phone):

- Adequate and ongoing training to our customer facing staff on the promotion and distribution of our products in accordance with our target market determination
- A consistent channel for complaints is publicly available
- No incentives or commission paid to our home loan specialists
- Our team is monitored via specific KPIs, e.g., deferrals rates and net promotor score

Aggregators and their brokers:

- Keystart's Origination Agreement provides contractual arrangements about the distribution and promotion of our products
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- All brokers must pass Keystart's accreditation process and supply all relevant compliance documents, eg. MFAA or FBAA Membership, have an active ACL and not have any disqualifications or bans with ASIC
  - Brokers are monitored via specific KPIs, deferrals, customer outcomes, net promotor score etc
  - 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
  - A consistent channel for customer complaints is publicly available
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## 8 Review triggers

A review will be triggered if:

- a significant dealing of the product to customers outside the target market occurs.
  - a significant increase, beyond expected levels, in the number of complaints or disputes received from customers in relation to the product (*i.e. 10% increase compared to expected levels*); a significant number of customers are in default at the early stages of the loan.
  - a significant number of hardship applications occur due to customers being outside of the target market of the product (*i.e. over 10% of all hardship applications*).
  - a material change to the product or the terms and conditions of the product or the distribution of the product occurs, which would cause this Target Market Determination to no longer be appropriate.
  - there are changes in law or its application, relevant industry codes, AFCA determinations, Court decisions or regulatory guidance.
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## 9 Review Periods

Periodic reviews: to be completed no later than 24 months from the date of the previous review.

Review triggers: to be completed within 10 business days of a review trigger occurring that reasonable suggests that the TMD is no longer appropriate.

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## 10 Distribution Information Reporting Requirements

The following information must be provided to us through our complaints management team by distributors who engage in retail product distribution conduct in relation to this product:

Type of information	Description	Reporting period
Specific Complaints	Details of the complaint, including name and contact details of complainant and substance of the complaint.	As soon as practicable and within 10 business days of receipt of complaint.
Complaints	Number of complaints	Every 3 months
Significant dealing(s)	Date or date range of the significant dealing(s) and description of the significant dealing (eg, why it is not consistent with the TMD)	As soon as practicable, and in any case within 10 business days after becoming aware