



# Code of Conduct for Loan Originators

Introduction.

Keystart (**Keystart**) provides low deposit home loans to eligible Western Australians for owner-occupied purposes only.

Keystart's home loan transactions are typically facilitated through a loan originator, duly appointed by Keystart (Originator).

This Code of Practice (Code) is a statement of the minimum service standards that an applicant for a Keystart home loan (or an existing Keystart client, as the context requires) (Customer) can expect from an Originator.

This Code applies to, and is binding on, all Originators duly appointed by Keystart.

This Code supplements the terms and conditions of the Mortgage Origination Agreement between Keystart and the Originator, or a similar agreement by another name.

In the event of an inconsistency between this Code and the Mortgage Origination Agreement, the Mortgage Origination Agreement will take priority to the extent of the inconsistency (unless specified otherwise by Keystart).

## 1 Practice standards

The following practice standards apply to, and bind, all Originators duly appointed by Keystart.

### 1.1 Compliance with Laws

(a) In dealing with all enquiries received by a Customer (during the period from the first enquiry until any resultant home loan is repaid), the Originator must at all times comply with:

(i) this Code, as amended from time to time

(ii) all guidelines issued by Keystart, including the Policy Manual, for the referral of Customers to Keystart and the handling, completion and processing of costs and documents relating to applications and



(iii) all relevant Laws, regulations and rules of professional conduct applicable to the Originator or the loan origination services, including without limitation:

- a) the *Financial Transactions Report Act 1995* (WA)
- b) the *National Consumer Credit Protection Act 2010* (Cth), including the National Credit Code and the *National Consumer Credit Protection Regulations 2010* (Cth);
- c) the *Competition and Consumer Act 2010* (Cth);
- d) the *Criminal Property Confiscation Act 2000* (WA)
- e) the *Fair Trading Act 2010* (WA); and
- f) the *Privacy Act 1988* (Cth)

as amended, varied or replaced from time to time.

(b) The Originator must, without limitation to its obligations under any applicable Laws:

(i) make a preliminary assessment about whether the Keystart loan is 'not unsuitable' for the Customer (Unsuitability Assessment) before the Originator:

- a) suggests to the Customer to apply, or assists the Customer to apply, for a particular Keystart loan;
- b) suggests to the Customer to apply, or assists the Customer to apply, for an increase to the credit limit on an existing Keystart Loan  
or
- c) suggests to the Customer to remain in an existing credit contract;

(ii) provide a Customer with a written Quote for providing Credit Assistance to a Customer in the form that complies with all relevant Laws and any Keystart requirements. A Customer must sign and date (or otherwise indicate acceptance of) the Quote, and be given a copy of the accepted Quote, prior to the Originator providing Credit Assistance to a Customer;

(iii) provide a Customer with a Credit Guide with respect to the Originator's Credit Assistance in the form that complies with all relevant Laws and any Keystart requirements as soon as practicable after the Originator anticipates that it is likely to provide Credit Assistance to a Customer;

(iv) provide a Customer with a Credit Proposal Disclosure Document in a form that complies with all relevant Laws and Keystart requirements (if any), prior to or at the same time as providing Credit Assistance to a Customer; and

(v) at the request of the Customer, provide a Customer, free of charge, with a written copy of the Originator's preliminary assessment as to the suitability of the Keystart loan sought by a Customer, in accordance with all applicable Laws.



## 1.2 Loan Applications

(a) The Originator must provide a Credit Proposal Disclosure Document and disclose to a Customer all relevant details about a proposed loan at the time of the Customer's loan application, including:

- (i) the amount and an explanation of each fee and charge paid to the Originator, and
- (ii) any commission payable to the Originator.

(b) The Originator must make such enquiries as are reasonably necessary to:

- (i) determine and verify a Customer's financial situation;
- (ii) determine a Customer's capacity to repay a proposed loan (or loan increase) without substantial hardship; and
- (iii) determine the purpose for which a Customer seeks a loan (or loan increase) with Keystart and if any particular product features/flexibility is required by a Customer.

(c) Upon the Originator's receipt of a Customer's duly completed loan application together with all information required to conduct an Unsuitability Assessment, the Originator will submit the same to Keystart as soon as possible and in any case, within two (2) business days.

(d) The Originator must keep a Customer informed of all relevant information known to the Originator relating to a proposed loan, to the extent that the information applies to that Customer.

## 1.3 Outcome of Loan Application

(a) Upon Keystart notifying the Originator of its decisions on the Customer's loan application and Unsuitability Assessment, the Originator must advise the Customer of these decisions as soon as possible and in any case, within two (2) business days.

(b) If the Customer requests for a copy of the Unsuitability Assessment, the Originator must provide it within 7 business days of the Customer's request.

## 1.4 Confidentiality

(a) The Originator must at all times keep confidential all information provided by a Customer and will only disclose that information as required by Law or as authorised by the Customer.

## 1.5 Fees and Commissions

(a) The Originator must advise potential Customers:



- (i) of any commissions that the Originator or its Personnel are likely to receive, directly or indirectly, from Keystart in relation to the Keystart Loan;
- (ii) of a reasonable estimate of the amounts of those commissions or the range of those amounts and
- (iii) of the method for working out the commission amounts.

(b) The Originator must specify

(i) in the Credit Guide:

- a) a reasonable estimate of any commission the Originator is likely to receive;
- b) the method for determining commissions payable to the originator;
- c) that the classes of persons (including the Originator) who are likely to be paid commission;
- d) the fees or charges the Customer is liable to pay the Originator for Credit Assistance;
- e) the method for determining the amount of fees and charges payable by the Customer to the Originator;
- f) the names of all credit providers the Originator deals with (or if there are more than 6 credit providers, the 6 credit providers the Originator conducts the most business with); and
- g) information about the Originator's internal dispute resolution procedure and the Australian Financial Complaints Authority (**AFCA**) scheme;

(ii) in the Credit Proposal Disclosure Document:

- a) each fee and charge payable to the Originator (whether to the Originator beneficially or on behalf of a third party) (**Proposal Fees**);
- b) an explanation for each Proposal Fee;
- c) if the relevant Proposal Fee is not fixed, the method for calculating that Proposal Fee;
- d) a reasonable estimate of the maximum amount of that Proposal Fee;
- e) the frequency of each Proposal Fee;
- f) the circumstances in which each Proposal Fee is payable; and
- g) the amount and type of commission payable to the Originator; and

(iii) in the Quote

- a) each fee and charge payable to the Originator (whether to the Originator beneficially or on behalf of a third party) (**Quote Fees**);
- b) an explanation for each Quote Fee;



- c) if the relevant Quote Fee is not fixed, the method for calculating that Quote Fee;
- d) the maximum amount of Quote Fees;
- e) the frequency of each Quote Fee;
- f) the circumstances in which each Quote Fee is payable; and
- g) whether a Quote Fee is payable even if the Customer does not enter into a credit contract or the credit limit is not increased.

(c) The Originator must not:

- (i) charge a Customer any fee or charge for provision of Credit Assistance; or
- (ii) profit from any fee paid to the Originator as reimbursement for a fee charged by a third party.

## **1.6 Skill, care and diligence**

(a) The Originator must act with all due skill, care and diligence.

(b) The Originator is responsible for the conduct, acts and statements of all the Originator's employees, agents, sub-contractors and franchisees involved in the origination of Keystart loans.

(c) The Originator must ensure that the Originator and the Originator's employees, agents, sub-contractors and franchisees are thoroughly knowledgeable in all areas and aspects of Keystart's policies, processes and products as well as all applicable Laws.

(d) The Originator and the Originator's employees, agents, sub-contractors and franchisees must, to the extent they are involved in the origination of Keystart loans, undertake all necessary education and training (including as directed by Keystart from time to time) to maintain and further their knowledge and professionalism.

## **1.7 Honest and ethical dealings**

(a) The Originator must conduct itself honestly and ethically in all of its professional and commercial relationships as a finance and mortgage broker and loan originator, according to the industry's best practices and standards.

(b) The Originator must at all times act in the interests of Customers and not for Keystart's or the Originator's personal benefit.

(c) The Originator may only suggest or recommend to a Customer a Keystart product if the Originator reasonably believes that the proposed Keystart loan is not unsuitable for the Customer.

(d) The Originator must not engage in any act or omission of a misleading, dishonest, deceptive or fraudulent nature.

(e) The Originator must ensure that the Originator's advertising is not misleading, dishonest or deceptive, and take all reasonable precautions to protect Customers against such practices.



(f) The Originator must refrain from any conduct that may embarrass, impugn, discredit or harm the interests of Keystart.

## **1.8 Complaints handling**

- (a) The Originator must provide a Customer who makes a complaint:
- (i) details of the Keystart Scheme Manager's complaints contact person; and
  - (ii) details of AFCA and its dispute resolution scheme.
- (b) The Originator must treat a customer courteously.

(c) The Originator must not impose any fee on a Customer who makes a complaint as a result of the making of the complaint.

(d) The Originator will always respond in writing to Keystart wherever possible, within five working days (but in any case promptly) after receipt of a request from Keystart's complaints contact person for a response to a customer complaint relating to the Originator.

## **1.9 Conflict of Interest**

(a) The Originator will promptly and fully disclose to Keystart and the Customer any actual, apparent or potential conflict of interest of which the Originator is or ought to be aware to the extent that such a conflict of interest may concern a Customer.

## **1.10 Accreditation**

(a) If an Originator does not submit at least one bona fide loan application for a Keystart loan to Keystart for a continuous period of 12 months, Keystart may, in its absolute discretion, without notice to an Originator:

- (i) cancel or revoke the Originator's accreditation as an originator of Keystart loans; and
- (ii) prevent the Originator from accessing Keystart's loan lodgment systems.

(b) Notwithstanding that an Originator's accreditation is cancelled or revoked, or an Originator is prevented from accessing Keystart's loan lodgment systems, Keystart may provide that Originator with new accreditation or restore its access to Keystart's loan lodgment systems in its absolute discretion and with any conditions and in any manner it deems fit.

## **2 General**

2.1 The Originator must ensure that its employees, agents, sub-contractors and franchises observe the National Credit Act, the Policy Manual or the Code.

2.2 Keystart may, in its absolute discretion, amend this Code from time to time.



### 3 Definitions

Unless the context deems otherwise, capitalised words in this Code have the following meanings:

**Code** means this code of practice.

**Credit Assistance** has the meaning given to it in the National Credit Act and includes:

- (i) suggesting that the Customer apply for a particular Keystart Loan;
- (ii) suggesting that the Customer apply for an increase to the credit limit of a Keystart Loan;
- (iii) suggesting that the Customer remain in a Keystart Loan;
- (iv) assisting the Customer apply for a Keystart Loan; or
- (v) assisting the Customer apply for an increase to the credit limit of a Keystart Loan.

**Credit Guide** means the credit guide licensees are required to provide a Customer under the *National Consumer Credit protection Act 2010 (Cth)* as soon as practicable after it becomes apparent to the licensee that the licensee it likely to provide their Credit Assistance to the Customer.

**Credit Proposal Disclosure Document** means the credit proposal disclosure document licensees are required to provide a Customer pursuant to section 121(2) of the *National Consumer Credit protection Act 2010 (Cth)* prior to or at the same time as providing their Credit Assistance to the Customer.

**Customer** means a person who seeks Credit Assistance from the Originator.

**Keystart** means Keystart ABN 74 917 541 588

**Laws** means any applicable statute, regulation, by-law, ordinance or subordinate legislation in force from time to time in Australia, whether made by a State, Territory, the Commonwealth, or a local government, and includes the common law and rules of equity as applicable from time to time.

**Mortgage Origination Agreement** means an agreement between Keystart and the Originator and entitled "*Keystart Mortgage Origination Agreement*"

**Policy Manual** means the manual containing Keystart's policies for the administration of Keystart as amended from time to time in Keystart's absolute discretion.

**Quote** means the quote licensees are required to provide to a Customer under the *National Consumer Credit protection Act 2010 (Cth)* prior to providing their Credit Assistance to the Customer.

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