



Target Market Determination: Urban Connect 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](#). You can read more information about [Urban Connect Home Loan here](#).

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 Loans Ltd ACN 009 427 034 (Australian Credit Licence Number 381437) as trustee for the Keystart Housing Scheme Trust
2	Date this TMD is made	4 July 2024
3	Product name	Urban Connect 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 owning an apartment sooner.</p> <p><u>Product eligibility</u></p> <p>Only available to people wanting to live in and own a home in Western Australia.</p> <p>Available for established, newly built and off-the-plan purchases for apartments that are:</p> <ul style="list-style-type: none">• in a complex with two storeys or more.• located within:<ul style="list-style-type: none">○ inner metro (an approximate radius of 15km from the CBD)



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- suburbs and intersecting suburbs within 2km from nominated metropolitan train stations (excludes Peel and Mandurah).

Maximum property price limits apply depending on whether the customer is purchasing a home as a single person or as a couple (married, defacto, same sex couples and siblings).

Deposit requirements, income limits and purchase limits apply which may vary depending on whether the customer is purchasing a home:

- as a single person without dependent children
- as a couple, or siblings
- as a couple with dependent children

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.

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 have the deposit required by other lenders at the time of taking out the loan.
 - don't want to pay lender's mortgage insurance.
 - want to purchase an owner-occupied home in Western Australia that is available as security.
 - want to live in an apartment in more urban locations in the Perth metropolitan area, rather than single detached homes on a single block.
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- 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.
 - interest being variable meaning it may increase or decrease.

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

- purchase an owner occupied home sooner by lowering the entry costs with low deposit requirements and no lender's 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.

6 Negative target market

This product may not be suitable for customers who:

- are able to afford more than a 2% deposit for a home loan.
- are investors.
- require a fixed interest rate.
- require an offset account.
- require a guarantor for the loan.
- are living outside Western Australia
- do not otherwise satisfy our eligibility criteria
- looking for a single standalone dwelling on a single block.

The comments in this TMD relate to suitability, or otherwise, of the Urban Connect Home Loan. Off-the-plan purchases may require the customer to pay large upfront costs to the developer prior to applying for a loan. This may impact the suitability of this product for a customer where the means or availability to apply those funds to the purchase take the proposed lend outside of the eligibility framework discussed in this TMD.

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 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 customer 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.
- 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.

8 Review triggers

A review will be triggered if

- a significant dealing of the product to customers outside the target market occurs



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- 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.

Additional Review: at the end of the pilot phase (two-year period or up to 300 loans, whichever occurs first)

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



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