



Vast Capital

MORTGAGE MANAGEMENT

TARGET MARKET DETERMINATION

FOR VP HOME LOANS

Product	VP Home Loans
Date Effective	23/06/2022

ABOUT THIS DOCUMENT

This target Market Determination (TMD) provides information about the target market for VP home loan products. It outlines the likely objectives, financial situation and needs of the target market as well as the key attributes of the product.

This document is not to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice.

Consumers must refer to the product terms and conditions detailed below when making a decision about this product:

- General terms & Conditions
- Pepper Money Loan agreement
- Mortgage Common Provisions

TARGET MARKET

DESCRIPTION OF TARGET MARKET, INCLUDING LIKELY OBJECTIVES, FINANCIAL SITUATION AND NEEDS

The features of this product, including its key attributes have been assessed as meeting the likely objectives, financial situation and needs of consumers who:

- satisfy our eligibility criteria, including (but not limited to):
 - being 18 years or older at the time of application;
 - being resident of Australia; and
 - receiving sufficient and consistent income;
- require a loan secured by owner occupied or investment residential property for the purpose of:
 - purchasing residential real property;
 - refinancing a loan secured against residential real property; and/or
 - accessing equity in a residential real property;

Variable interest rate home loan product target market:

- require the flexibility of a variable interest rate;
- want the option for a sub-off set account for deposits to offset interest;
- want the option to access redraw from the sub-offset account;

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- want the availability of a Visa debit card for everyday access to additional funds including ATMs;
- want the ability to make unlimited extra repayments, at any time, up to the outstanding loan amount; and
- understand that their repayments can change at any time

Whilst variable interest rates fluctuate, the product has been assessed as meeting the likely objectives, financial situation and needs of consumers in the target market because it allows them to make additional repayments and/or deposit funds into a sub-off set account to reduce interest payable whilst retaining the ability to draw on those funds when required.

Fixed interest rate home loan product target market:

- wants the certainty of a fixed interest rate and fixed repayments for a fixed period;
- understands that they can make additional repayments to their loan however there is no access to redraw these additional funds. There are no fees for making additional payments;
- understands that they will not benefit from interest rate decreases during the fixed period;
- understands that no break cost fees will be charged if they:
 - want to change to a variable rate loan;
 - make additional repayments to their loan; and/or
 - repay the loan in full
- understands that there is a maximum fixed period of ten years;
- understands that if wanting an interest only term (maximum five years), the fixed rate loan period must equal the interest only loan period;
- understands that a Visa debit card cannot be linked to a loan account with a fixed loan interest rate; and
- understands that they will be unable to offset their fixed loan balance with a sub-off set account

There is the option to lock in a fixed interest rate at application stage (fees apply).

The product has been assessed as meeting the likely objectives, financial situation and needs of consumers in the target market because it provides the certainty of a fixed interest rate and fixed repayments for a fixed rate period with the ability to make additional repayments and repay their loan in full without any break cost fees.

Split loan option:

The ability to have a split loan with a variable interest rate and fixed interest rate portion with the ability to have an offset sub-account, redraw facility and Visa debit card¹ available on the variable interest rate portion.

Purchase or refinance of an owner-occupied residential property

This product allows consumers to finance the purchase or refinance of an owner-occupied residential property and make principal and interest repayments in order to reduce the overall debt and build equity in the property.

¹ Visa debit card issued by Indue Limited



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Purchase or refinance of an investment residential property²

This product allows consumers to finance the purchase or refinance of an investment residential property with the ability to select principal and interest repayments in order to reduce the overall debt and build equity or interest only repayments for tax purposes.

Access equity²

This product allows consumers to access part of the equity in their owner occupied or investment residential property to use the funds for an approved purpose in accordance with our lending criteria.

Key product attributes

- Principal and interest loan repayments
- interest only loan repayments up to 5 years
- Fixed and variable interest rate loan options
- Loan term up to 40 years
- access to online banking
- Equity access, purchases and refinances acceptable
- Ability to finance loan related fees onto the loan amount (to a limit defined by the lender) for example, risk fees can be capitalised on the loan amount up to the maximum allowable Loan to Valuation Ratio limit, provided loan serviceability is met.
- availability of a Visa debit card¹ for everyday access to additional funds including ATMs for variable interest rate loans
- Availability of a Redraw Facility and BPay access for variable interest rate loans
- Availability of an Interest Offset sub-account for variable interest rate loans
- Ability to make additional repayments at no additional cost for variable interest rate and fixed interest rate loans (no Redraw Facility availability for fixed interest rate loans)
- Ability to lock in a fixed interest rate at application stage (fees apply)
- Ability to have a split loan with a variable interest rate and fixed interest rate portions (monthly account keeping fees apply for each loan split)
- Ability to have a split loan with a variable interest rate and fixed interest rate portion with the ability to have an off et sub-account, redraw facility, BPay access and Visa debit card^{1*} available on the variable interest rate portion.
- Want a fixed interest loan and the ability to make additional payments and payout the loan early with no break cost fees.
- Pricing for risk:
 - If a loan is approved, the interest rate offered and fees and charges will depend on our assessment of a number of factors at the time of application including the consumer's credit history and the nature of the security property
 - The interest rate offered may be higher than our published starting rate(s), depending on the consumer's circumstances (e.g. Loan to Valuation Ratio, credit history, loan size, security property type etc) and this risk loading will apply for the loan term.

² The maximum term, loan size, fees and charges and Loan to Valuation Ratio will vary depending on the consumer's circumstances, including the method of income validation and credit history. E.g., discharged bankrupt or defaults. Refer to the key product attributes below to ensure that the available product options meet the consumer's likely objectives, financial situation and needs



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Fees and Charges²

- Establishment Fee (including one valuation)
- Monthly account keeping fee
- Mortgage risk fee/ Lender protection fee
- Fixed rate lock fee

Other fees and charges may apply, as set out in the loan agreement.

EXCLUDED CLASS OF CONSUMERS

This product has not been designed for individuals who:

- do not meet the issuer's eligibility criteria.
- need to borrow greater than 95% Loan to Valuation Ratio;
- require a loan term greater than 40 years;
- are borrowing to construct a dwelling; and/or
- require a line of credit facility.

DISTRIBUTION CONDITIONS / RESTRICTIONS

Distribution channels

This product is designed to be distributed through the following means:

- Accredited Brokers who hold an ACL
- Authorised Credit representatives

Distribution conditions

This product should only be distributed under the following circumstances:

- to individuals that meet eligibility requirements; individuals that have the appropriate borrowing capacity, and in accordance with lending guidelines; by third party distributors authorised by us to distribute the products

The distribution channels are appropriate because:

- the product has a wide target market;
- our staff have the necessary training, knowledge and accreditation (if required) to assess whether the consumer is within the target market. All of our staff must continually satisfy annual compliance reviews.
- we rely on existing distributors, methods, controls and supervision already in place;
- our approval system has checks and controls in place to flag applicants who may be outside the target market; and
- 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.

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TMD REVIEWS

INITIAL REVIEW

Within the 12 months of the effective date.

PERIODIC REVIEWS

Every 12 months after the initial review and each subsequent review.

REVIEW TRIGGERS

The following review triggers would reasonably suggest that the TMD may no longer be appropriate:

- material change to the product or the terms and conditions of product
- A significant dealing of the product to consumers outside the target market occurs
- External events such as adverse media coverage or regulatory attention suggest that the target market for the product might not be appropriate; and
- There is a significant change in product related metrics, including, but not limited to:
 - increased complaints in relation to the purchase or use of the product;
 - Increased declined loan applications;
 - High rates of default;
 - High rates of hardship;
 - High numbers of consumers refinancing their loans.

Where a review trigger has occurred, this TMD will be reviewed within 10 business days. Meanwhile, we will cease to offer this product to our consumers until our review concludes and any necessary changes to the product or TMD, including distribution methods, are made.

MONITORING & REPORTING OF THIS TMD

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

Type of information	Description	Reporting period
Complaints	Number of complaints, details of the complaint, including name and contact details of complainant and substance of the complaint.	Quarterly, and in any case no later than 10 business days from the end of the quarter.
Significant dealings	Any significant dealing which is not consistent with this TMD	As soon as practicable, and in any case within 10 business days after becoming aware