

5<sup>th</sup> October 2021

Allstate are a Mortgage Manager (a non-bank lender) who operate a Business to Business (B2B) model in Australia and do not compete with our broker introducers - i.e. no cross sales as we provide only mortgages.

Allstate began operations in Brisbane in 1995, and are a boutique mortgage manager with a limited distribution network that offers personalised, timely service. We specialize in products that are offered by a range of funders that offer niche solutions for customers that may not fit with the Big 4 lenders due to their specific circumstances at that particular time.

Due to the constant changes across these funders, it is very difficult for the average broker to keep up to date with the products, policies and offerings from this market segment which offers an extensive range of products.

AFCA have deemed that a Mortgage Manager is an agent of the bank (funder) and our role is to submit quality applications to the funder that meet their requirements in a format that will allow faster processing.

- Allstate do not hold a Delegated Underwriting Authority (DUA) with any of our funders, which means that the final credit decision is always made by the funder.
- Allstate do not generate loan statements or operate telephone or internet banking, but our Customer Service team will assist our customers in accessing these facilities which are maintained by the funder.
- Allstate do not engage in any collection activity on behalf of the funder – all arrears and collection activity is conducted by the funder.

In the event of a complaint, this may need to be done on a multi-tier IDR process where the complaint may be directed to Allstate, the funder or both Allstate and the funder, depending on the nature of the complaint and the responsibility and control of the process involved.

(Many financial firms operate multi-tier IDR processes).

We currently act as agents for the following funders and use the following colours to identify their product range:

|          |                                                    |
|----------|----------------------------------------------------|
| Cabernet | <b>Origin Mortgage Management Services Pty Ltd</b> |
| Gold     | <b>Brighten Home Loans Pty Limited</b>             |
| Green    | <b>Sintex Consolidated Pty Limited</b>             |
| Ocean    | <b>ORDE Financial Pty Ltd</b>                      |
| Orange   | <b>RESIMAC Limited</b>                             |
| Purple   | <b>La Trobe Financial Services Limited</b>         |
| RedZed   | <b>RedZed Lending Solutions</b>                    |

# Target Market Determination

## For Residential Full Doc Home Loan

Version: 1.0

### 1. About this document

This target market determination (TMD) seeks to offer consumers, distributors and staff with an understanding of the class of consumers for which this product has been designed, having regard to the objectives, financial situation and needs of the target market.

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. Consumer must refer to the terms and conditions and any supplementary documents which outline the relevant terms and conditions under the product when making a decision about this product.

#### **Terms and Conditions to which this target market determination applies**

This TMD applies to the Residential Full Doc Home Loan referred to in the following Terms and Conditions:

- o Home Loan General Terms and Conditions (RMBS)

#### **Date from which this target market determination is effective**

5 October 2021

### 2. Class of consumers that fall within this target market

The information below summarises the overall class of consumers that fall within the target market for Residential Full Doc Home Loan, based on the product key attributes and the objectives, financial situation and needs that it has been designed to meet.

This Residential Full Doc Home Loan has been designed for consumers whose likely objectives, financial situation and needs (as listed below) are aligned with the product (including the key attributes). The Residential Full Doc Home Loan is for those who are seeking an amount of credit for the purposes of:

- o purchasing a property that will be for private use
- o purchasing a property that will be for investment use
- o paying out an existing loan against a property they already own
- o conducting non-structural renovations to a property they already own
- o purchasing personal commodities such as cars, boats, furniture, caravans, motorbikes, etc...
- o purchasing a business using a residential property they already own as security
- o releasing equity to be used for future investment purposes
- o consolidating existing debts such as personal loans and credit cards



## Product description and key attributes

The key eligibility requirements and product attributes of this Residential Full Doc Home Loan are:

- Individuals must be minimum age of 18 years
- Borrowing entity can be individual, company or trust
- Minimum Loan amount of \$100,000
- Maximum Loan amount of \$2,000,000
- Maximum LVRs:
  - 90.01% to 95% for loans up to \$800,000 (including capitalised LMI)
  - 80.01% to 90% for loans up to \$1,000,000
  - 70.01% to 80% for loans up to \$1,500,000
  - Up to 70% for loans up to \$2,000,000
- Up to 30-year loan term
- Repayments can be either P&I or IO of up to 5 years then reverting to P&I repayments (further 5 year IO periods may be available if applied for)
- Variable rate, 5 year Fixed rate Options or a combination of both variable and fixed available
- Weekly, Fortnightly or Monthly Repayment Frequency (IO is only monthly)
- Unlimited Additional Repayments for Variable rate Loans
- Increases to existing loans if within maximum LVR and loan amount criteria
- Security Substitutions
- Unlimited redraw

## Objectives, financial situation, and needs

This product has been designed for individuals who are:

- Looking to obtain credit against residential property
- able to meet minimum servicing requirements
- PAYG
- Self employed
- able to meet minimum deposit requirements for purchases
- not in arrears if refinancing

## Excluded class of consumers

This product has not been designed for individuals who are:

- under 18 years of age
- Australian citizens living overseas
- Non-permanent residents residing in Australia
- Limited liability company
- Associations, churches and clubs
- have unpaid defaults noted on their credit report
- have unsettled judgements noted on their credit report without reasonable explanation
- Currently declared bankrupt

## Consistency between target market and the product

This is based on an analysis of the key terms, features and attributes of the product and a finding that these are consistent with the identified class of consumers



### 3. How this product is to be distributed

#### Distribution channels

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

- Accredited Mortgage Managers
- 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

#### Adequacy of distribution conditions and restrictions

This is based on an assessment of the distribution conditions and restrictions and that they are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.

### 4. Reviewing this target market determination

We will review this target market determination in accordance with the below:

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Initial review</b>            | Within the 12 months of the effective date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Periodic reviews</b>          | At least every three years from the initial review.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Review triggers or events</b> | <p>Any event or circumstances arise that would suggest the TMD is no longer appropriate. This may include (but not limited):</p> <ul style="list-style-type: none"> <li>• a material change to the design or distribution of the product, including related documentation;</li> <li>• occurrence of a significant dealing;</li> <li>• distribution conditions found to be inadequate;</li> <li>• significant changes in metrics, including, but not limited to, complaints;</li> <li>• significant regulatory changes;</li> <li>• significant change to our risk appetite; and</li> <li>• external events such as adverse media coverage or regulatory attention</li> </ul> |

Where a review trigger has occurred, this target market determination will be reviewed within 10 business days.



## 5. Reporting and monitoring this target market determination

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

|                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Complaints</b>           | <p>Distributors will report all complaints in relation to the product(s) covered by this TMD on an annual basis. The report will include:</p> <ul style="list-style-type: none"> <li>the number of complaints, even if it is zero;</li> <li>the nature of the complaints received</li> <li>other complaint information set out in paragraph RG 271.182 of Regulatory Guide 271 internal dispute resolution;</li> </ul> <p>The reports need to be received within 10 business days of the end of the reporting period, which ends on 30 September.</p>                                                                                                                                                                                     |
| <b>Significant dealings</b> | <p>Distributors will report if they become aware of a significant dealing in relation to this TMD within 10 business days. They will need to provide us with the following details:</p> <ul style="list-style-type: none"> <li>the TMD the significant dealing relates to;</li> <li>the date or the date range which the dealing occurred;</li> <li>a description of the dealing;</li> <li>an explanation of why the dealing is considered significant;</li> <li>an explanation of why the dealing is considered to be inconsistent with the TMD;</li> <li>how the dealing was identified (eg, through monitoring, complaints etc); and</li> <li>what steps have been or will be taken in relation to the significant dealing.</li> </ul> |

## 6. Document Control

| Version | Start Date | Comments                                            |
|---------|------------|-----------------------------------------------------|
| 1.0     | 05/10/2021 | Determination commenced as a result of the new DDO. |
|         |            |                                                     |

