

Target Market Determination

BLUESTONE SPECIALIST RESIDENTIAL LOAN

Description of target market

(1) Likely objectives and needs of consumers in the target market of the Bluestone Specialist home loan

The primary objective of consumers in the target market is to obtain funding for:

- i. Purchasing a residential property
- ii. Refinancing of an existing home loan

Consumers may also have a secondary objective to obtain funding for:

- i. Consolidation of other debts, excluding ATO and privately funded debts
- ii. Other personal purposes

(2) Financial situation of consumers in the target market:

The target market consists of consumers who:

- Can afford to make the required repayments
- Are earning income
- Have personal savings or equity in residential property
- Have less than 2 months of mortgage arrears
- Have defaults or judgments of up to \$2000, or over 24 months old
- Have discharged bankruptcy over 1 day old
- No Part IX, X agreement

And can meet the repayment requirements of the home loan over the loan term.

(3) Eligibility requirements

• Individual borrowers:

Australian or New Zealand citizen or permanent resident (co-borrower(s) can be on other permanent visas)
Over 18 years of age

• Company borrowers:

Must have a valid ACN

• Trust borrowers:

Discretionary, unit or family trust

This product would not be appropriate for consumers who do not meet our credit assessment requirements. A consumer will be outside the target market if their financial situation would see them qualify for a Bluestone product with a lower interest rate.

This Target Market Determination (TMD) is required under section 994B of the Corporations Act 2001 (Cth), and has been prepared in accordance with the Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019 (Cth) and associated regulations. It sets out the target market for the product, triggers to review the target market and certain other information. It forms part of Bluestone's design and distribution framework for the product.

This document is not a product disclosure statement, and is not a summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the loan offer and general terms and conditions and obtain independent advice before making a decision whether to buy this product to ensure that it is appropriate for their particular objectives, financial situation and needs.

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BLUESTONE SPECIALIST RESIDENTIAL LOAN**Description of the product****Product description**

The Bluestone Specialist home loan is a loan secured by mortgage over residential property.

Key attributes

Key attributes of the Bluestone Specialist home loan include (one or more of the following):

- *Loan to valuation ratio (LVR)* – the balance of the loan compared to the value of the residential property security expressed as a percentage
- *Loan term* – the total contractual time period from the start of the loan to when the loan principal must be repaid in full
- *Variable interest rates* – the interest rate applicable to the loan can change over time, unless the consumer selects a fixed interest rate
- *Fixed interest rates* – the interest rate applicable to the loan does not change over the fixed rate period
- *The payment of minimum required repayments* – if minimum required repayments are not paid when due the loan will be in arrears, which may lead to enforcement of the security
- *Principal and interest repayments* – the required minimum repayments have both an interest charge and a principal component
- *Interest only repayments* – the consumer is only required to pay the interest charge over the interest only period
- *Line of credit* – the loan principal is only required to be repaid at the end of the loan term. During the loan term, the customer is only required to pay the interest charge
- *Redraw* – additional repayments above the required minimum repayments are available for the customer to withdraw and use
- *Offset facility* – a sub-account of the loan in which additional repayments are held available for the customer to withdraw and use. The balance of this facility is deducted from the loan balance when interest charges are calculated

Broadly, the target market comprises those consumers who require financing of residential property transactions or refinancing of an existing home loan. The product provided is a term loan or a line of credit with regular required minimum repayments. The product is generally appropriate for consumers who have income to meet the required minimum repayments over the term of the loan.

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Distribution conditions

- Bluestone conducts a full credit assessment on every loan application ensuring that the objectives, financial situation and needs of the consumer are met.
- Mortgage Brokers are required to hold an Australian Credit License or maintain an appointment as a Credit Representative authorised to engage in credit activities on behalf of a credit licensee as part of Bluestone's accreditation requirements. In addition, Mortgage Brokers are subject to a higher duty under Best Interests Duties to ensure that the product is in the best interests of the particular consumer.
- The product is distributed by accredited brokers and Bluestone direct channel staff
- Reasonable enquiry and verification are made to ascertain the borrower's financial situation and credit record
- An assessment is made to determine that the borrower can service the loan, and the product is not unsuitable for the borrower
- The residential property security is valued
- The product should not be distributed to consumers who do not meet the eligibility criteria for this product. This product is unlikely to meet the needs, objectives and financial situation of consumers who do not meet the eligibility criteria.

The product is only distributed by brokers and Bluestone staff, who have been trained on the features of the product and how they serve the needs of consumers in the target market. Consumers applying are assessed based on their own financial situation. Therefore, those that acquire the product are more likely to be in the target market.

Events and circumstances (*review triggers*) that would reasonably suggest that the TMD is no longer appropriate

- A material change to the design or distribution of the product, including related documentation or policies;
- Product performance is materially inconsistent with Bluestone's expectations of the appropriateness of the product to consumers:
 - » Where there is a significant change in our total borrowers (joint borrowers to be treated as a single borrower) requiring financial assistance at any one time;
 - » Where there is a significant change in our total borrowers (joint borrowers to be treated as a single borrower) that are in arrears;
 - » Where there is a significant change in loan applications declined
 - » Where there is a significant or unexpectedly high number of complaints that arise from product or distribution concerns
- Reporting from distributors, or consistent feedback from distributors on the target market which suggests that the determination may no longer be appropriate
- Regulator orders or directions in relation to the distribution of this product where Bluestone considers this reasonably suggests that this TMD is no longer appropriate
- The occurrence of a significant dealing in the product outside the target market
- A material change to the design or distribution of the product, including related documentation or policies;
- A material change to Bluestone's Credit Policy

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Review periods	Subject to intervening review triggers, the first review will occur no more than 12 months after the introduction of this TMD, and this TMD will be reviewed every 12 months thereafter.
Reporting periods	<p>The reporting period for complaints is quarterly starting on 01 January of each year. Distributors must report to Bluestone any complaints relating to the product within 10 business days of the end of the reporting period. This includes the details of any complaint received, as well as the number of complaints received in every quarter.</p> <p>Distributors must also report to Bluestone any significant dealings in the product which is not consistent with the TMD. This information must be provided as soon as practicable, and in any case within 10 business days after becoming aware.</p>
Reporting requirements	<p>Bluestone Group:</p> <ul style="list-style-type: none"> • Relevant regulation, legislation and/or ASIC instruments relating to the change in law • Complaints and the nature of the complaints regarding product design, product availability and distribution condition • During the review period, the monthly expected and actual number of: <ol style="list-style-type: none"> a. Percentage of loan applications declined b. The reasons for declining loan applications c. The number and balance of settled loans d. The number of loans in arrears and the balance of arrears e. The number of loans where the security is enforced f. The number of loans and balance of loans paid out in full <p>Accredited brokers and aggregators:</p> <ul style="list-style-type: none"> • Complaints and the nature of the complaints regarding product design, product availability and distribution condition • A dealing in the product which the regulated person becomes aware is not consistent with the TMD
Contact Us	If you have any questions or feedback on this TMD, please call 13 BLUE or visit bluestone.com.au