

# Target market determination – Heartland Well-Life Loan

## 1. Background

This is the target market determination (**TMD**) for the purposes of section 994B of the *Corporations Act 2001* (Cth) (**Corporations Act**) for the Heartland Well-Life Loan. The issuer of Heartland Well-Life Loans is ASF Custodians Pty Ltd (**Issuer**). This TMD sets out certain information relevant to the Issuer's compliance with the design and distribution (**DDO**) framework in the Corporations Act, including the:

- Class of consumers that makes up the target market for the Heartland Well-Life Loan;
- Conditions that will be imposed on the distribution of the Heartland Well-Life Loan;
- Requirements for the Issuer to review the TMD; and
- Requirements for distributors to report certain information to the Issuer.

This TMD does not provide a complete list of the features and terms and conditions of the Heartland Well-Life Loan. This TMD should be read in conjunction with the Well-Life Loan Product Guide, Heartland Well-Life Loan credit guide, Heartland Well-Life Loan fee schedule and interest rate and other information available on Heartland's website in relation to the Heartland Well-Life Loan, including information relating to loan and drawdown flexibility, fees and interest rates. If a loan application is approved, the Loan Agreement issued following any approval will govern the specific terms and conditions that apply to that particular Heartland Well-Life Loan.

This TMD has been prepared without taking into account any person's individual needs, objectives, or financial situation. If you are considering a Heartland Well-Life Loan, we encourage you to understand how it may affect your personal circumstances – talk to friends and family, speak to Heartland's Customer Care team, Centrelink and other professionals (such as, independent legal and financial advisers) and use the resources and tools Heartland makes available on its website.

## 2. TMD Information

Product name	Heartland Well-Life Loan
Issuer name	ASF Custodians Pty Ltd
ABN	49 106 822 780
ACN	106 822 780
Australian Credit Licence No.	386781
Date of TMD	30 September 2021
TMD version no.	Version 1

### 3. Target market for Heartland Well-Life Loans

The class of consumers that makes up the target market for Heartland Well-Life Loans is set out below.

Target market description	Heartland Well-Life Loan description, including key attributes	Appropriateness
<p><b>(a) Likely objectives, financial situation and needs of consumers in the target market</b></p> <p>The likely objectives, financial situation and needs of consumers in the target market include persons aged 60 and over who fit one or more of the following:</p> <ul style="list-style-type: none"> <li>• Are concerned about having sufficient income to fund a comfortable retirement or lifestyle, e.g. because they have a large proportion of their wealth tied up in their residential property or properties, but a low level of savings and limited other assets.</li> <li>• Do not want to secure borrowing against their residential property</li> <li>• Wish to use the funds to refinance an existing mortgage or other debts.</li> <li>• Wish to access funds as one lump sum at the start of the loan.</li> <li>• Wants loan repayment flexibility, plus the ability to make additional loan repayments at any time without penalty<sup>1</sup>.</li> <li>• May find it more difficult to access other loan products (e.g. a normal home loan, personal loan) due to their age or employment status.</li> <li>• May not wish to make full loan repayment until their residential property is sold or all borrowers move out of the property.</li> </ul> <p><b>(b) Eligibility characteristics of consumers in the target market for Heartland Well-Life Loan</b></p> <p>Consumers in the target market for Heartland Well-Life Loans will have the following eligibility characteristics:</p> <ul style="list-style-type: none"> <li>• the youngest nominated borrower is aged 60 and over;</li> <li>• they own a residential property which:</li> </ul>	<p><b>Description of the Heartland Well-Life Loan and its key attributes</b></p> <p>A Heartland Well-Life Loan:</p> <ul style="list-style-type: none"> <li>• allows persons aged 60 and over to borrow between \$5,000 and \$20,000 for any purpose that helps them live a more comfortable retirement or lifestyle (such as for home improvements, motor vehicle needs, debt consolidation, medical expenses, mortgage refinance, or day-to-day living expenses);</li> <li>• is unsecured, but their residential property must remain unencumbered because the Well-Life Loan may need to be repaid from the proceeds when it is sold;</li> <li>• is accessed as one lump sum paid at the start of the loan, but provides borrowers with flexible repayment options, with payments only required<sup>2</sup> when: <ul style="list-style-type: none"> <li>○ the loan, together with capitalised interest, reaches \$30,000, in which case a payment is required to maintain this limit; or</li> <li>○ the property is sold or within 30 days of all nominated borrowers moving out (such as into aged care or when they pass away); and</li> </ul> </li> </ul> <p>has a principal repayment strategy of using the proceeds from the sale of the residential property of the nominated borrower(s) to repay the total loan.</p> <ul style="list-style-type: none"> <li>• Applications to extend the 30-day repayment period after the last nominated borrower has moved permanently from the home, to allow the orderly sale of the property (if this is required to repay the loan), will be considered by Heartland on a case-by-case basis (and consent will not be unreasonably refused).</li> </ul>	<p>The Issuer considers the Heartland Well-Life Loan (including, its key attributes) is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market because:</p> <ul style="list-style-type: none"> <li>• The Heartland Well-Life Loan is a loan that has been especially designed to provide people aged 60 and over who own residential property with the financial freedom to enjoy their retirement or lifestyle.</li> <li>• The key attributes of the Heartland Well-Life Loan include a number of eligibility criteria which mean that only consumers in the target market (with the likely objectives, financial situation and needs described in this TMD) are able to access this product.</li> </ul>

<sup>1</sup> Interest will be added to the loan up to a limit of \$30,000 after which repayments will be required to keep the total at or under this amount.

<sup>2</sup> Provided the loan is not in default

Target market description	Heartland Well-Life Loan description, including key attributes	Appropriateness
<ul style="list-style-type: none"> <li>○ is their primary place of residence; and</li> <li>○ meets the additional eligibility criteria for a Heartland Well-Life Loan described in the “Heartland Well-Life Loan description, including key attributes” column or is approved as a non-standard loan on the basis of good customer outcomes after a credit and responsible lending assessment being undertaken;</li> <li>● they have obtained independent legal advice to allow them to understand the nature of their obligations under a Heartland Well-Life Loan and evidenced that they have received this advice; and</li> <li>● they have had the opportunity to:               <ul style="list-style-type: none"> <li>○ consider the implications of a Heartland Well-Life Loan on their Centrelink entitlements; and</li> <li>○ obtain financial advice if they wish to do so.</li> </ul> </li> </ul> <p><b>(c) Classes of consumers for whom a Heartland Well-Life Loan is clearly unsuitable</b></p> <ul style="list-style-type: none"> <li>● Those aged under 60.</li> <li>● Those who do not own residential property valued at least \$300,000 that is unencumbered or will be with the proceeds of the Well-Life Loan.</li> <li>● Those whose property does not meet the additional eligibility criteria for a Heartland Well-Life Loan described in the “Heartland Well-Life Loan description, including key attributes” column or who are not approved as a non-standard on the basis of good customer outcomes.</li> <li>● Those whose goals and objectives will not be met within the maximum advance of \$20,000.</li> <li>● Those who do not wish their loan balance to increase over time and do not intend to make repayments to ensure this does not happen.</li> </ul>	<p>A Heartland Well-Life Loan is offered only at a variable interest rate (which is subject to change).<sup>3</sup> This provides flexibility, as voluntary repayments can be made at any time without penalty.</p> <p>Over time, the loan balance of a Heartland Well-Life Loan will grow (unless voluntary loan repayments are made) due to interest being capitalised and added to the loan on a regular basis (compounding interest). Once the outstanding balance reaches \$30,000, payment(s) must be made to bring it below the limit again.</p> <p>The minimum amount Heartland will lend under a Well-Life Loan is \$5,000 and the maximum amount is \$20,000, solely as one advance.</p> <p>Additional eligibility criteria for the Heartland Well-Life Loan are that:</p> <ul style="list-style-type: none"> <li>● there are no more than two nominated borrowers;</li> <li>● the property is a residential property of conventional construction and good repair and meets size criteria;</li> <li>● the minimum property value is \$300,000 and is also dependent on location;</li> <li>● the property must be mortgage free (unless the Heartland Well-Life Loan is used to repay any outstanding mortgage); and</li> <li>● the property is not in a retirement village, or zoned rural, leasehold, or use for a specialist purpose.</li> </ul>	

<sup>3</sup> The current rate and fees are included in the Heartland Well-Life Loan Fee Schedule.

Target market description	Heartland Well-Life Loan description, including key attributes	Appropriateness
<ul style="list-style-type: none"> <li>• Those who would prefer to sell their property and use the balance of the sale proceeds to fund their requirements and objectives.</li> <li>• Those who have other residents living with them in the property who may suffer significant detriment if the property is sold to repay the loan.</li> <li>• Those who have other assets in addition to their residential property that they are comfortable and would prefer to sell to fund their retirement or lifestyle needs (e.g. liquidating a share portfolio, accessing cash savings or selling an investment property or holiday home).</li> <li>• Those who do not wish to have to sell their property to fund the final repayment of their loan and are unlikely to have another avenue for repayment (e.g. those that wish to bequeath 100% of their property to their family).</li> <li>• Those who will likely require the full proceeds of the sale of their property to fund their financial needs in retirement (e.g. to fund aged care living).</li> </ul>		

#### 4. Distribution conditions for Heartland Well-Life Loans

The conditions and restrictions which apply to the distribution of Heartland Well-Life Loans are set out below.

Distribution conditions	Appropriateness				
<p>Heartland Well-Life Loans are suitable for distribution only by:</p> <table border="1" data-bbox="114 443 1093 555"> <thead> <tr> <th data-bbox="114 443 629 480">Distributor</th> <th data-bbox="629 443 1093 480">Channel</th> </tr> </thead> <tbody> <tr> <td data-bbox="114 480 629 555">Australian Seniors Finance Pty Ltd (ASF)</td> <td data-bbox="629 480 1093 555"> <ul style="list-style-type: none"> <li>Online via Heartland Well-Life Loan application</li> </ul> </td> </tr> </tbody> </table> <p>Third party intermediary distributors who:</p> <ul style="list-style-type: none"> <li>Have entered into a contractual arrangement with ASF on terms and conditions acceptable to ASF (at its discretion); or</li> <li>Are a member of an aggregator or a broker group which has entered into a contractual arrangement with ASF (as described above) and have been accredited by ASF, and have otherwise met (and continue to meet on an on-going basis) ASF's requirements for distributors of Heartland Well-Life Loans.</li> </ul> <p>Third party referral distributors who:</p> <ul style="list-style-type: none"> <li>Have entered into a contractual arrangement with ASF on terms and conditions acceptable to ASF (at its discretion); and</li> <li>Provide customer contact details to Heartland directly, who arrange customer vetting and the application process directly.</li> </ul>	Distributor	Channel	Australian Seniors Finance Pty Ltd (ASF)	<ul style="list-style-type: none"> <li>Online via Heartland Well-Life Loan application</li> </ul>	<p>The Issuer considers the distribution conditions will make it more likely that the consumers who acquire a Heartland Well-Life Loan are in the target market because:</p> <ul style="list-style-type: none"> <li>Heartland Well-Life Loans can be distributed only directly by ASF or those third-party distributors which ASF has entered into a contractual relationship with, and only if the intermediary distributor holds current accreditation with Heartland.</li> <li>Advertising content is targeted specifically to the target market.</li> <li>All applicants, regardless of the distribution channel, must complete the same application.</li> <li>ASF's Customer Care team receives regular training in relation to the Heartland Well-Life Loan, including its key attributes and dealing with vulnerable customers and elder financial abuse.</li> <li>Intermediaries must be fully accredited, which includes the completion of training module(s)</li> <li>The online Heartland Well-Life Loan application via Heartland's website incorporates auto-decisioning elements that ensure applicants who do not satisfy certain eligibility criteria cannot proceed with an application.</li> <li>Third-party distributors are not agents of the Issuer or ASF. All approval decisions are made by ASF (on behalf of the Issuer, in accordance with documented origination procedures) at its sole discretion.</li> <li>The key attributes of the Heartland Well-Life Loan are documented in a Lending Standard and Origination and Servicing Procedures which sets out the current, credit decisioning criteria and processing steps for Heartland Well-Life Loans. All lending decisions must be made by ASF in accordance with these documents and must align with respective delegated lending authorities.</li> <li>Referral applications are managed by our Customer Care team and follow the same process as direct channel applications.</li> </ul>
Distributor	Channel				
Australian Seniors Finance Pty Ltd (ASF)	<ul style="list-style-type: none"> <li>Online via Heartland Well-Life Loan application</li> </ul>				

### 5. Issuer review requirements

The Issuer must carry out both:

- Initial and periodic reviews; and
- Triggered reviews (upon the occurrence of certain events that reasonably suggest this TMD is no longer appropriate),

of this TMD.

The frequency of the initial and periodic reviews and the circumstances in which a triggered review will occur are set out below.

Initial and periodic reviews	Review triggers
<p>The initial review will occur by the date which is 5 October 2022.</p> <p>Periodic reviews will occur every 2 years after the initial review and each subsequent periodic review.</p> <p>Reviews will also occur following a review trigger (see the 'Review triggers' column).</p>	<p>This TMD must be reviewed where there is an event or circumstance that would reasonably suggest this TMD is no longer appropriate, including where any of the following has occurred:</p> <ul style="list-style-type: none"> <li>• There is a material change to the key attributes of the Heartland Well-Life Loan that make it no longer consistent with the likely objectives, financial situation and needs of consumers in the target market.</li> <li>• The Issuer identifies a substantial divergence in how Heartland Well-Life Loans are being distributed and purchased, as compared to how the Issuer expected Heartland Well-Life Loans to be distributed and purchased (as set out in this TMD).</li> <li>• An unexpectedly high number of complaints are received from customers (whether directly to ASF or via third-party distributors) that indicate the Heartland Well-Life Loan is not suitable for the target market or is not being distributed to the target market.</li> <li>• The Issuer identifies a significant dealing has occurred that is required to be reported to ASIC.</li> <li>• ASIC has utilised its product intervention power in Part 7.9A of the Corporations Act to intervene in relation to the Heartland Well-Life Loan.</li> </ul>

### 6. Distributor reporting requirements

The information needed from distributors to enable the Issuer to identify promptly when this TMD may no longer be appropriate, whether due to the occurrence of a review trigger or another event or circumstance that would reasonably suggest this is the case, is set out below. The reporting periods for when that information must be provided to the Issuer, and which distributors must provide the information, are also set out below.

Reporting requirement	Reporting period	Which distributor requirement applies to
Whether any complaints have been received by the distributor from Heartland Well-Life Loan applicants and customers: <ul style="list-style-type: none"> <li>• Number of complaints</li> <li>• Substance of complaints</li> <li>• How complaint was resolved (to the extent it has been)</li> </ul>	Within 10 business days following the end of each calendar quarter when during the period any material feedback was received in respect to a Heartland Well-Life Loan and as otherwise required by the Corporations Act.	All distributors described in Section 4 of this TMD.
The nature of any material, general feedback received by the distributor from Heartland Well-Life Loan applicants and customers relating to the Heartland Well-Life Loan and its performance.	Within 10 business days following the end of each calendar quarter when during the period any material feedback was received in respect to a Heartland Well-Life Loan and as otherwise required by the Corporations Act.	All distributors described in Section 4 of this TMD.
The description and date of any significant dealing <sup>4</sup> that has occurred.	As soon as possible, but no more than 10 business days after the distributor becomes aware of the significant dealing(s).	All distributors described in Section 4 of this TMD.
Any dealings outside the target market (to the extent that the distributor is aware of such dealings), and the reason why the distribution occurred outside the target market.	Within 10 business days following the end of each calendar quarter.	All distributors described in Section 4 of this TMD.

<sup>4</sup> For example, a distributor may consider a dealing outside the TMD to be significant because (i) they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or (ii) they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the consumer (or class of consumer), or (iii) the issuer has reasonably identified the this type of dealing as significant or a regulatory or court identifies this type of dealing as significant.