



Household Capital - Household Loan

In this document, we describe who this product is appropriate for (target market), and any conditions and restrictions around how this product can be distributed to consumers. We also describe the events or circumstances where we may need to review this document.

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Introduction

About Household Capital

Household Capital Services Pty Limited ACN 625 860 764 (Household Capital) is a Special Purpose Funding Entity (SPFE) and the issuer of the Household Loan.

Household Capital Pty Limited ACN 618 068 214 is a credit representative (512757) of Mortgage Direct Pty Limited ACN 075 721 434, Australian Credit Licence 391876. Household Capital Pty Limited is a distributor of the Household Loan.

Household Capital is a specialist retirement funding provider with a mission to help Australian retirees improve their lifestyle through responsible access to wealth through homeownership.

We provide Australia's retirees with access to home equity – their Household Capital™ – to improve long term retirement funding.

As a specialist we offer a flexible, low interest rate product - the Household Loan - a reverse mortgage that can help retirees meet their needs now and in the future.

About Household Capital's products

Our Household Loan enables customers to draw on their Household Capital™, the savings in their home. It provides responsible access to a portion of their home's value to meet long term retirement needs. It also provides flexibility and choice to improve their lifestyle and wellbeing while continuing to live in the family home.

About this Target Market Determination

We are committed to creating and maintaining a client-centric approach to the design and distribution of our products. The purpose of our Target Market Determinations is to ensure our products are suitable for the consumers we target.

This Target Market Determination is for our Household Loan. It does not provide a complete list of the features and terms and conditions of the Household Loan, and does not take into account any person's individual objectives, financial situation and needs. To make an informed decision, further information is available on our website (<https://householdcapital.com.au>) and ASIC's Money Smart website (<https://moneysmart.gov.au/retirement-income/reverse-mortgage-and-home-equity-release>).

Target market

Product description

Below is a description of the key attributes that affect whether this product is likely to be suitable for the needs of the target market. The product may be suitable for customers who:

- are 60 years or older
- own their home valued at \$400,000 or more , without a mortgage, or have a small mortgage that can be refinanced
- have a property that is located in an eligible postcode such as most capital cities or large regional areas
- have considered their future financial needs including aged care and their estate
- have considered how a loan may impact any government benefits such as the Age Pension
- have considered downsizing and would like to remain in their home for the medium term
- have obtained independent professional advice to allow them to understand the nature of their obligations
- who are planning to access their home equity responsibly for the purposes listed in the section below

Importantly, as Household Loan is designed specifically for customers that have retired, or are about to retire. For example, as a reverse mortgage, the loan has the following features:

- Repayment of the loan is triggered by permanently leaving the home (eg sell the home, or move to aged care)
- Interest is charged like any other loan, but there's no need to make repayments while still living in the home
- Customer retain full ownership of the property and have guaranteed occupancy
- Customers can never be required to repay more than the value of the home when it's sold

Objectives, financial situation and needs

This product is designed for a class of consumer whose likely needs, objectives and financial situation (outlined below) are aligned with this product and its key attributes, including consumers who would like to improve their retirement lifestyle by:

- topping up their retirement income, establishing a contingency fund for living expenses;
- refinancing a home loan or repay a credit card;
- improving or maintaining their home;
- giving to children or grandchildren to help them achieve their own homeownership or education;
- paying for aged care, at-home care or medical expenses.

This product is not suitable for consumers who:

- do not meet the eligibility criteria;
- are below the age of 60;
- are likely to sell their home in the short-term;
- would like to obtain short term finance without consideration of long-term financial needs;
- have low levels of financial or technological literacy;
- are in, or likely to experience, financial hardship;
- are vulnerable, including those who are:
 - suffering any form of cognitive impairment;
 - suffering from any illness affecting capacity;
 - suffering from personal or financial circumstances causing significant detriment;
 - feeling pressured to assist someone else financially.

Consistency between target market and product

This product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of the class of consumers in the target market, as we consider that it provides the required type finance for that class of consumers.

We have made this determination based on an assessment of this product, including its key attributes. Individual consumers will need to consider whether this product meets their specific objectives, financial situation and needs.

Distribution

The following distribution conditions apply to this product:

- This product can only be distributed by us or distributors who have received training and relevant accreditation.
- We have verified that the product is not unsuitable, and that a potential customer falls within the target market during the onboarding process, meets all eligibility criteria, and has appropriate borrowing capacity.

The distribution conditions will make it likely that consumers who acquire this product are in the target market, as we consider that the distribution conditions are appropriate and will enable us to direct this product to the class of

consumers who fall within the target market set out above and benefit from this product. This has been determined based on an assessment of the distribution conditions and the target market.

Review

We will review this Target Market Determination in accordance with the below:

Initial review:	Within 12 months of the effective date.
Periodic reviews:	Every one (1) year from the initial review.
Review triggers:	<p>When any event or circumstance arises that suggests this Target Market Determination is no longer appropriate. This includes (but is not limited to):</p> <ul style="list-style-type: none"> • material changes to the key attributes of this product; • the occurrence of a significant dealing including when distribution occurs outside the target market; • where the distribution conditions are found to be inadequate; • external events such as adverse media coverage or regulatory attention; • receipt of a large volume of complaints by us or a distributor; and • where we detect issues with the distribution of this product through the monitoring of daily business activities as well as the monitoring and supervision of distributors.

Reporting and monitoring

We collect the following information from distributors in relation to this Target Market Determination:

Complaints	Report all complaints in relation to this product on a monthly basis. This will include written details of the complaints.
Significant dealings	Report if they become aware of a significant dealing in relation to this product that is inconsistent with this Target Market Determination within ten (10) business days.
Feedback	Report all feedback in relation to this product (including the performance of this product) on a regular basis.